

# ***GEORGIA PUBLIC SERVICE COMMISSION***

**2008 Annual Report**



**Chairman Chuck Eaton  
Vice Chairman H. Doug Everett  
Commissioner Robert B. Baker  
Commissioner Angela Elizabeth Speir  
Commissioner Stan Wise**



**Georgia Public Service Commission  
2008**

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## LETTER TO THE GOVERNOR

January 1, 2009

The Honorable Sonny Perdue  
Governor of Georgia  
Office of the Governor  
State Capitol  
Atlanta, Georgia 30334

Dear Governor Perdue:

The Georgia Public Service Commission is proud to present its 2008 Annual Report, which highlights the agency's major achievements during the past year regarding the state's utility and transportation industries.

Despite an ever-changing regulatory environment and a sluggish economy the Commission continues to ensure that Georgia consumers receive the best possible value in utility and transportation services, while enforcing natural gas pipeline safety and protecting the utility infrastructure from damage.

The Commission contributed \$2.1 million to the state's treasury in fiscal year 2008, primarily as a result of its enforcement activities.

The Georgia Public Service Commission looks forward to serving Georgia's citizens in 2009 and contributing to the state's dynamic economic growth and development.

Respectfully submitted,



Chuck Eaton, Chairman  
H. Doug Everett, Vice Chairman  
Robert B. Baker, Jr., Commissioner  
Angela Elizabeth Speir, Commissioner  
Stan Wise, Commissioner

## **EXECUTIVE SUMMARY**

The Commission's major achievements during 2008 regarding utility regulation, transportation, pipeline safety and facilities protection are set forth below.

### **ELECTRIC**

The Commission initiated hearings into Georgia Power Company's request to certify two new nuclear reactors at Plant Vogtle near Waynesboro, Georgia. The Commission held the first round of hearings in November with more hearings scheduled for early 2009. A final decision on the Company's request will be made in March 2009.

The Commission approved changes in the Georgia Power Company's Green Energy program that will allow consumers to purchase Green Energy blocks at lower rates.

The Commission has begun hearings on Georgia Power Company's request seeking certification to convert the Plant Mitchell generation plant from coal burning to biomass fuels. Georgia Power indicates that this conversion is consistent with the Company's renewable expansion plans, adds to fuel diversity and maximizes the life and value of the unit. If approved, the plant is scheduled to be in commercial operation in the summer of 2012. The Commission will issue a decision in March 2009.

### **NATURAL GAS**

The Commission in February approved the distribution of \$6.6 million from the Universal Service Fund to assist eligible low-income households during the 2008 winter heating season. A total of \$117.8 million in grants and refunds has been approved by the Commission to all natural gas customers on the Atlanta Gas Light Company system since 1998.

The Commission approved the applications of Constellation and Stream Energy for natural gas marketer certificates of authority, bringing the number of gas marketers serving customers in Georgia to thirteen.

### **TELECOMMUNICATIONS**

Captioned telephone service (CapTel®) in Georgia was implemented in January 2008. An enhanced form of Relay service, CapTel® allows individuals with hearing loss to view word-for-word captions of their telephone conversations.

## **FACILITIES PROTECTION**

On May 28, 2008, the Commission accepted a federal grant check for \$100,000 from the U.S. Pipeline and Hazardous Materials Safety Administration to expand the Commission's efforts in preventing damage to Georgia's underground utilities. This is the first federal grant of its type to any state for damage prevention, education and enforcement efforts. The grant recognizes the Commission's damage prevention program as a model for other states to follow in reducing damages to underground utilities by educating excavators and utilities in avoiding accidents that can cause expensive and often dangerous damage to buried utilities.

## **LOCAL AND NATIONAL ACTIVITY**

In May 2008, Commissioner Doug Everett received a Commitment to Public Service Award from the Association County Commissioners of Georgia recognizing his efforts in addressing issues of local concern at the Commission. Commissioner Everett also completed his one year term as President of the Southeastern Association of Regulatory Utility Commissioners (SEARUC), turning over the Presidency during the SEARUC annual meeting June 4 to 7, 2008 in Savannah, Georgia.

The Association County Commissioners of Georgia presented Commissioner Stan Wise with the group's 2008 annual Wayne Shackelford Excellence in Public Service Award. The association presents this award to honor an individual serving Georgians in a state or national office who has achieved a distinguished level of public service and has a background in county government.

## **CONSUMER AFFAIRS**

During the past year, there has been a 34 percent increase in the number of telephone subscribers to the Lifeline/Link-Up Georgia Program. This is the biggest increase these programs have experienced since their inception more than 15 years ago, primarily due to partnering with other state agencies and an aggressive outreach effort. Lifeline provides a credit on monthly local service telephone bills for qualified low-income customers and Link-Up assists with paying up to 50% of installation costs.

## **TRANSPORTATION**

In 2008 the Transportation Unit processed 480 applications and issued 534 certificates and permits to qualifying transportation companies. Staff trained 224 individuals at 25 training classes, which are mandatory for newly certified transportation companies. In 2008, 218 complaints were investigated, 138 compliance audits were performed and 3,852 insurance filings were received and processed for all insurance companies under the Commission's regulatory authority.

## **HISTORY AND MISSION OF THE COMMISSION**

### **HISTORY**

On October 14, 1879, Georgia became one of the first states to establish a regulatory body to resolve complications resulting from increased railroad expansion and competition. Known at that time as the "Railroad Commission of Georgia," the members of this body originally were appointed by the Governor for the purpose of regulating railway freight and passenger rates. In 1906, the Legislature allowed the voters to elect the Commissioners for six year terms.

In 1891, telegraph and express companies came under the Commission's jurisdiction. Sixteen years later, the Legislature gave the Commission authority over docks and wharves, as well as telephone, natural gas and electric companies, and increased the number of Commissioners from three to five. The Legislature further expanded the Commission's jurisdiction in 1931 when it authorized the Commission to regulate the trucking industry. Cognizant of the changing role of this regulatory body, the General Assembly in 1922 changed the name of the Railroad Commission of Georgia to the Georgia Public Service Commission. In 1943, the Commission became a constitutional body (Article 4, Section 1, 1983 Georgia Constitution). Its powers and duties are established by legislation and described in Title 46 of the Official Code of Georgia. The Legislature in 1998 required Commissioners to reside in five separate districts though they remain elected by the voters statewide.

In 2005, the Commission resumed responsibility for regulatory jurisdiction over household goods movers, limousines for hire and nonconsensual towing due to the passage of House Bill 501. In 2006, the Commission approved the acquisition of Bellsouth Georgia by AT&T which serves nine southeastern states.

### **MISSION**

The Commission is a quasi-legislative, quasi-judicial agency comprised of five Commissioners elected on a statewide basis. The Commission's mission is to exercise its authority and influence to ensure that consumers receive safe, reliable and reasonably priced telecommunications, transportation, electric and natural gas services from financially viable and technically competent companies. The regulatory side of the Commission's activities is most prevalent in relation to investor-owned natural gas and electric power utilities. The Commission has the authority to set rates, require long-range energy plans, provide for the safety of natural gas pipelines and protect underground utility systems from damage.



Georgia Public Service Commission  
2008 Annual Report

Over the past decade, growth, competition and technological advances have significantly changed the Commission's role. With market segments of the telecommunications and natural gas industries open to competition, the Commission strives to facilitate market development, educate consumers, arbitrate complaints among competitors and monitor the effectiveness of the competitive markets.

## **PUBLIC SERVICE COMMISSIONER PROFILES**



**Chuck Eaton**

**Commissioner Since: January 1, 2007**

**Elected: December 4, 2006**

**Serves Through: December 31, 2012**

**Republican, Fulton County, Georgia**

### **Chairman, Georgia Public Service Commission**

Chuck Eaton was elected to his first term on the Public Service Commission in December of 2006. He was one of only two statewide Republican candidates in the entire country to beat an incumbent during that election year. Before serving on the Commission, he worked in real estate sales. Prior to moving to Atlanta, he was an Account Executive for a packaging manufacturer in LaGrange, Georgia. Commissioner Eaton also has an Accounting Degree from the University of Alabama.

He is the past President of the Buckhead Forest Civic Association and was also a representative to the Atlanta Neighborhood Planning Unit "B," a citizen group that makes recommendations on zoning, land use, public safety and community issues. In Troup County he served on the Board of Directors for Troup Haven House—a children's shelter.

Commissioner Eaton has been involved in the political process for a long time. In 1992, he served as Congressman Phil Crane's Deputy Campaign Manager. In Troup County he successfully managed multiple campaigns for former Representative Jeff Brown. He is a graduate of the Coverdell Leadership Institute, a statewide organization founded by late U.S. Senator Paul D. Coverdell to strengthen leadership and political skills.

Chuck lives in Atlanta with his wife, Erika, their daughter, Lydia, and their three rescued dogs. When not working at the Public Service Commission, he enjoys playing golf, target shooting, and boating with his family on Lake Lanier. The Eaton's are members of Peachtree Road United Methodist Church.



**Robert B. Baker, Jr.**

**Commissioner Since: January 1, 1993**

**Elected: 1992; Re-Elected: 1998, 2004**

**Serves Through: December 31, 2010**

**Republican, Clarke County, Georgia**

**Commissioner, Georgia Public Service Commission**

Bobby Baker was first elected to the Public Service Commission in 1992, and was the first Republican elected to a statewide constitutional office since Reconstruction.

Since that time, he has established a reputation as a fair and forthright champion of the Georgia consumer—fighting to keep utility rates reasonable while maintaining a strong climate for economic development. Baker has worked aggressively to develop competitive markets for utility services, reduce regulation, and expand toll free calling throughout the state. He was elected to a third term in November 2004.

Bobby Baker grew up in DeKalb County and attended DeKalb County public schools. He went on to graduate from Oglethorpe University with honors and receive his law degree from the University of Georgia.

After graduating from law school, Bobby Baker joined the Southeastern Legal Foundation, a regional conservative public interest law firm. While he later entered private practice, he continued to seek opportunities to make a positive impact on people's lives—a goal he has accomplished during his tenure on the PSC.

Bobby Baker has been recognized on numerous occasions by both Georgia Trend magazine and the Atlanta Business Chronicle as one of the city and state's most influential leaders. He has served on the board of directors for the Georgia Center for Advanced Telecommunications Technology (GCATT) and also as Vice-Chairman of the Gwinnett County Planning Commission. Bobby and his wife, the former Joselyn Butler, were married in 2001.



**H. Doug Everett**

**Commissioner Since: January 1, 2003**

**Elected: November 5, 2002**

**Serves Through: December 31, 2008**

**Republican, Albany, Georgia**

### **Vice-Chairman, Georgia Public Service Commission**

A native of Cordele, Georgia, Commissioner Doug Everett is the first Republican elected to the Commission from Southwest Georgia. In 1996, he was elected to the Georgia House from Albany and served three terms before his election to the Commission in 2002. As a State Representative, he served on the House Industry Committee and the Subcommittee on Utilities.

Prior to serving as a state legislator, Everett served three terms on the Albany City Commission, including two years as Mayor Pro Tem.

Commissioner Everett is a past president of the Southeastern Association of Regulatory Utility Commissioners (SEARUC), a non-profit corporation for the advancement and education of commission regulation and the promotion of cooperation among the commissions of the 10 member states. He also serves on the Board of Directors of the Georgia Agrirama Development Authority. He is also a past member of the Board of Directors of the Institute of Nuclear Power Operations.

He entered Georgia Tech but later transferred to Georgia Teachers College (now Georgia Southern University) and majored in math.

Everett is married to Janice Perry Johnson of Montezuma. The couple has three grown children, Mitch, Mike and Denice Delk, five grandchildren and one great-grandson. Everett is a former member of the Albany Rotary Club, the Sylvester JAYCEES and the Sylvester Kiwanis Club.



**Angela Elizabeth Speir**

**Commissioner Since: January 1, 2003**

**Elected: November 5, 2002**

**Serves Through: December 31, 2008**

**Republican, Duluth, Georgia**

### **Commissioner, Georgia Public Service Commission**

Angela Elizabeth Speir is the first woman elected to the Public Service Commission and the second Republican woman elected to a statewide office. In 2005 she became the first woman to chair the Commission. A Georgia native, Commissioner Speir grew up in DeKalb County and graduated from Agnes Scott College with a B.A. in Biology. She is also a graduate of CEO International. After graduation from Agnes Scott, Angela Speir served as the Assistant Administrator of the medical complex at the United Methodist Children's Home providing medical aid and counseling to children who are victims of abuse.

She first ran for public office in 1992 as a candidate for the Georgia State Senate.

Ms. Speir's interest in helping others led her to a career in the employment industry. Through positive leadership and mentoring, Ms. Speir is recognized as a leader in the field. Commissioner Speir has been awarded numerous distinctions and honors for her service to the people of Georgia. She received the Atlanta Journal Constitution's Hero of Open Government Award and has been named one of Georgia's Most Influential Women by the *Georgia Informer*. Georgia Trend magazine recognized Commissioner Speir as one of its 100 Notable Georgians. The Council on Aging awarded Commissioner Speir its Community Service Award for her efforts on behalf of senior adults.

Ms. Speir is a member of the National Association of Regulatory Utility Commissioners Committee on Telecommunications, the Gwinnett County Chamber of Commerce and the CEO Executive Roundtable. Ms. Speir is a supporter of the Gwinnett County Children's Shelter, The United Methodist Children's Home, and Children's Healthcare of Atlanta. Commissioner Speir and her husband reside in Gwinnett County.



**Stan Wise**

**Commissioner Since: January 1, 1995**

**Elected: 1994; Re-Elected: 2000, 2006**

**Serves Through: December 31, 2012**

**Republican, Cobb County, Georgia**

**Commissioner, Georgia Public Service Commission**

Stan Wise has served on the Commission since January 1995 and served as Commission Chairman in 1997, 1999 and 2006. He was first elected to public office as a Cobb County Commissioner in 1990 and had previously served that county as a member of the Cobb County Planning Commission and the Board of Zoning Appeals. Wise was a Board Member of the ten-county Atlanta Regional Commission from 1992 to 1994.

Wise served as President of the National Association of Regulatory Utility Commissioners (NARUC) in 2003 and 2004. He is a member of the NARUC Board of Directors and serves on the Gas Committee of NARUC. He is a past President of the Southeastern Association of Regulatory Utility Commissioners (SEARUC). He is a member of the U.S. Department of Energy's State Energy Advisory Board and currently serves on the Cobb County Public Schools Educational Foundation, Inc.

Governor Sonny Perdue appointed Commissioner Wise to the State Energy Policy Council in 2006. The Governor named Wise to the Commission for a New Georgia where he served as Team Leader for the Aerospace Technical Advisory Group. The Atlanta Business Chronicle named Commissioner Wise as one of Georgia's 100 most Influential Citizens in 2006. Charleston Southern University named Wise the Outstanding Alumnus of the Year. In 2005 the Bonbright Center of the Terry College of Business named him its Honoree of the Year. Wise was awarded his B.S. in Business Management from the Charleston Southern University in 1974.

He owned and operated an insurance agency in Cobb County for over twenty years. He and his wife, Denise, have two grown children.

## **PUBLIC SERVICE COMMISSION MANAGERIAL PERSONNEL**

**DECEMBER 31, 2008**

### **Commissioners**

Chuck Eaton, Chairman  
H. Doug Everett, Vice Chairman  
Robert B. Baker, Jr., Commissioner  
Angela Elizabeth Speir, Commissioner  
Stan Wise, Commissioner

### **Administration Division**

Deborah Flannagan, Executive Director  
Reece McAlister, Executive Secretary  
Bill Edge, Public Information Officer/Legislative Liaison  
Terry Pritchett, Fiscal and Budget Officer  
Margie Conley, Human Resources Officer  
Jada Brock, Director, Office of Operational Support  
Robert West, Director, Transportation Unit

### **Utilities Division**

Tom Bond, Utilities Division Director  
Leon Bowles, Director, Telecommunications Unit  
Pandora Epps, Director, Internal Consultants Unit  
Sheree Kernizan, Director, Electric Unit  
Cynthia Johnson, Director, Consumer Affairs Unit  
Danny McGriff, Director, Facilities Protection Unit  
Nancy Tyer, Director, Natural Gas Unit

## UTILITIES DIVISION

A major issue facing the Commission in 2009 will be deciding whether the state's long term demand for electric power will be met using nuclear, coal or natural gas powered generation. The Commission will certify these generation assets once Georgia Power Company, the state's investor-owned utility, brings its proposal to the Commission. The Commission's decision will have far reaching effects on the state's growth and economy.

Historically, the Georgia Public Service Commission has been responsible for setting the rates charged by telecommunications, natural gas, electric and transportation companies and for establishing and enforcing quality of service standards. The telecommunications, natural gas, and electric industries previously were natural monopolies. Segments of the transportation, gas and telecommunications industries now are evolving into competitive markets that allow customers to choose among multiple providers for certain services and pay rates set by the provider. Other services, such as electricity, continue to be fully regulated by the Commission.

The pace at which competition is being implemented varies among the regulated industries. In the telecommunications industry, long distance service has been competitive since the mid-1980s. In 1995 and 1996, local telephone service was opened to competition by state and federal legislation, respectively. Over the last few years, local telephone competition has been effectively redefined due to technological advances of broadband, VoIP and wireless telephone. State legislators and federal agencies have recognized that local telephone companies are now facing intermodal competition from cable TV companies and wireless providers, not just intramodal competition from other telephone companies. In 1998, Georgia opened the natural gas industry to competition and since then certified marketers sell gas commodity service to customers in the Atlanta Gas Light Company territory. Marketers set their own prices, whereas the Commission sets the rates charged by AGLC.

In spite of these changes in the regulatory environment, the Commission's mission remains the same—to ensure that consumers receive the best possible value in telecommunications, electric, transportation and natural gas services, to enforce natural gas pipeline safety and to protect utility infrastructure from damage. An overview of the role that the Commission has played in each of these utility industries over the past year, as well as key decisions of this agency, is set forth in the following sections.



## **Electric**

Electricity is an energy form that is vital to the economy of the state and to the quality of life of Georgia's citizens. Of the three utility industries, the electric industry is the most universally utilized and perhaps the most essential. The investor-owned electric utility, Georgia Power Company, is fully regulated by the Commission and serves approximately two million consumers. The Commission has limited regulatory authority over the 42 electric membership corporations (EMCs) and 52 municipally-owned electric systems in the state.

### **Commission Approves an Increase in Georgia Power Company's Fuel Rates**

The Commission approved new rates for Georgia Power which will allow the utility to pay for forecasted fuel prices for the year beginning June 1, 2008 as well as recover fuel costs that have been under collected since approval of fuel rates last year. The Commission voted 3-2 to accept a staff recommendation to approve a proposed Stipulation with the Company that reduced the request by \$7.1 million. The Commission decision means the average monthly bill for a residential consumer using 1,000 kilowatt hours will increase by \$2.93. The Commission delayed a decision on implementing seasonally adjusted fuel cost rates until the Seasonal Working Group issues its recommendations.

The Company's filing in Docket Number 26794 sought an increase in fuel costs of \$222 million over the Company's previously budgeted amount. Georgia law allows electric utilities to recover their fuel costs, prudently incurred, on a dollar for dollar basis. The utilities are not allowed to make a profit on fuel costs.

### **Commission Reviewing Georgia Power's Request to Build New Nuclear Facilities**

The Commission began reviewing Georgia Power's request seeking Commission certification of two new nuclear power generation units at Plant Vogtle in southeast Georgia. The Commission issued a Procedural and Scheduling Order (PSO) to set the hearing schedule for this fall and winter. A Commission decision is expected in March 2009. Georgia Power's 2007 Integrated Resource Plan (IRP), which the Commission approved on June 16, 2007, stated that Georgia would need an additional 1,100 Megawatts of new base load electric power generation in the 2016 and 2017 timeframe to meet the state's growing energy needs. Under the IRP statute, new power generation cannot be added to the system without a Certificate of Public Convenience and Necessity issued by the Commission. Georgia Power issued a request for proposal (RFP) in late 2006, seeking base load generation from both self build generation and third party bids. The bid deadline was extended until May 1, 2008 to seek additional

bids. The only bids received were the Company's self build for nuclear power generation.

### **Commission Approves Co-location Policy**

The Commission approved a co-location policy that allows telecommunications companies to place communications facilities, such as cellular telephone antennas, on Georgia Power Company's electric transmission facilities. The policy establishes procedures that allow Georgia Power to recover costs associated with leasing space for wireless communications facilities on its transmission facilities. Ratepayers would receive half of any revenues from the co-location of telecommunications facilities. There are currently co-location programs operating by 12 utilities in 11 states: California, Delaware, Florida, Illinois, Maryland, North Carolina, Nevada, New York, Ohio, South Carolina and Tennessee.

### **PSC Approves Revamped Georgia Power Green Energy Program**

The Commission approved changes in Georgia Power's Green Energy program that will result in lower rates for consumers purchasing Green Energy blocks and also offer a Large Volume Purchase and Special Events option. The new tariff will allow consumers to purchase 100 Kilowatt blocks of Green Energy for \$3.50, a reduction of \$1 from the previous tariff. The Large Volume Purchase will allow customers who purchase at least 400 blocks under the standard Green Energy offering to contract with Georgia Power for additional renewable energy at a reduced price. Georgia Power will contract individually with each customer to determine the price, quantity, term and source of the additional green energy. Under the Commission approved proposal, the modified Green Energy product will be all biomass, primarily from the Seminole Landfill in DeKalb County, and will contain no solar or wind energy at this time. However, Georgia Power will offer a Premium Green Energy Product at \$4.50 per block which receives at least two percent of its energy from solar resources.

### **PSC Approves Hot Weather Disconnection Rule**

The Commission gave final approval to a proposed rule prohibiting hot weather disconnection under certain conditions. Under the rule as amended, residential electric service could not be disconnected if, prior to 8:00 a.m. on the date of the scheduled disconnection, a National Weather Service Heat Advisory or Excessive Heat Warning is in effect for the county of the scheduled disconnection. The Commission opened a docket on hot weather disconnections in August 2007 at the urging of Commissioner Angela Speir. The Commission has had in place since 1979 rules prohibiting disconnections of residential electric service between November 15 and March 15 when the forecasted low temperature for a 24 hour period beginning at 8:00 A.M. on the date of the proposed disconnection is below 32 degrees. Commission rules also specify

under what conditions residential electric service can be disconnected, such as nonpayment of bills.

### **Monitoring Activities**

The Commission staff continues to investigate and monitor the following aspects of the regulated electric utilities:

1. Effectiveness of hedging programs of Georgia Power in mitigating potentially high natural gas fuel costs;
2. Flat billing tariffs for residential and commercial customers, designed to provide price stability during fluctuating market conditions;
3. Performance and reliability of the utilities' generating plants; and,
4. Companies' earnings, for excess revenues available for sharing, as defined in the approved accounting orders.

### **Territorial Matters and EMC Financing Requests**

The Commission also oversees territorial assignments for all electricity suppliers pursuant to the Georgia Territorial Electric Service Act, O.C.G.A. § 46-3-1 et seq., by reviewing and authorizing requests for transfers of retail electric service, resolving disputes over service territories and maintaining the electric supplier territorial maps for each of the 159 counties in Georgia. The Commission also approves the financing applications of electric membership corporations.

### **The Commission Continues Its Involvement in State and Federal Activities That Impact the Electric Utility Industry**

The Georgia Public Service Commission is active in its regional association, the Southeastern Association of Regulatory Utility Commissioners (SEARUC), as well as its national organization, the National Association of Regulatory Utility Commissioners (NARUC), to ensure that any proposed national legislation will benefit Georgia ratepayers. Commissioners and staff serve on the committees of several national and local groups including NARUC, SEARUC, Southeast Electric Reliability Council (SERC), Georgia Green Pricing Accreditation Group and the Georgia Energy and Environment Group. The Commission has been active in many Federal Energy Regulatory Commission (FERC) rulemaking dockets to ensure that Georgia's regulated consumers are not unduly harmed by policies that could lead to an increase in electric rates.

### **PSC Seeks To Protect Ratepayer Interests In Environmental Policy Decisions**

The Commission continued to monitor the rulemaking proceedings of Georgia's Environmental Protection Division of the Georgia Department of Natural Resources (DNR) and the Federal Environmental Protection Agency. Although President Bush approved Yucca Mountain as the repository for nuclear waste, the Commission continues to oppose Department of Energy (DOE) delays to fully comply with laws that require DOE to remove spent nuclear fuel from nuclear plants in Georgia. DOE's inaction has resulted in the need for Georgia Power Company to construct, at ratepayers' expense, additional on-site storage facilities to handle the accumulation of spent nuclear fuel and to engage in activities to construct an interim storage site. The Commission has addressed the DOE's position on this matter at formal hearings and in written documents to emphasize the severity of this situation. The Commission continues to work on a national level to ensure that any proposed federal legislation that seeks to address this problem provides an appropriate solution. In 2007, the Company received a favorable judgment in its lawsuit against DOE for not receiving the nuclear waste per its contract. DOE has appealed this decision in the Court of Federal Claims.

#### **Staff Training**



Electric Staff (shown above) visited two Georgia Power electric generation plants during 2008. On March 14, 2008, staff visited the Alvin W. Vogtle Nuclear Generating Plant near Waynesboro, Georgia. After receiving a briefing on the overall plant operations, staff toured the reactor control room, the turbine room and water cooling towers.

On May 21, 2008, electric staff visited the Plant Bowen Electric Generating Plant near Cartersville, Georgia. Staff received a tour of the sulfur dioxide pollution control scrubbers being installed at the plant.

## **Natural Gas**

Natural gas is important to the development and economic prosperity of Georgia. Approximately 1.6 million customers in Georgia use natural gas, delivered by the state's two investor-owned natural gas systems, Atlanta Gas Light Company (AGLC) and Atmos Energy Corporation (Atmos Energy). In early 1997, the Georgia Legislature passed the Natural Gas Competition and Deregulation Act (the Act), O.C.G.A. § 46- 5-150 et seq., which allowed these companies the option of electing to be governed under a new regulatory framework. More specifically, the Act provided for the transition of the natural gas commodity market from a regulated monopoly to a competitive marketplace. The Commission's role under the Act was to facilitate this transition.

Although Atmos Energy elected not to be governed under the Act, AGLC filed notification of its intent to be subject to the new regulatory model in November 1997. In managing the transition to competition in what traditionally were AGLC's service areas, the Commission's main objective was to implement the Act in a manner that allowed a majority of end-users to realize the benefits of competition, which include a greater choice among gas providers and better customer service.

In 2002, the Legislature passed the Natural Gas Consumers' Relief Act (House Bill 1568). The Commission enforced the provisions of House Bill 1568 by enacting Commission Rules, monitoring compliance and creating additional protections for natural gas consumers.

In 2007, the Legislature passed House Bill 587 to allow municipal natural gas systems to petition the Commission to provide service in areas that are certificated but as yet not served. The Commission approved rules consistent with House Bill 587 (Utility Rule 515-7-1-.13) in May 2008.

In 2008, the Commission approved the release of over \$7 million from the Universal Service Fund (USF) to give qualified low-income and senior citizens in Georgia some relief for the 2008 winter heating season. Since the inception of the USF, the Commission has disbursed more than \$58.1 million in assistance.

The Commission approved several Staff requests for customer education materials to be produced and distributed throughout AGLC's natural gas distribution territory. The Natural Gas Collaborative Team continued to educate consumers about the natural gas market, in accordance with the Commission-approved customer education plan. This team, comprised of the Commission, the University of Georgia's College of Family and Consumer Services, AGLC and certificated marketers meets monthly to monitor and update the progress of this education plan.

### **Certificated Natural Gas Marketers**

At the end of 2008, 14 natural gas marketers were certificated. Ten of these marketers were actively serving customers.

In January 2008, the Commission approved the transfer of PS Energy's (d/b/a GasKey) customers to MXenergy. As part of the arrangement, MXenergy is now doing business as GasKey and the Commission will address PS Energy's certificate status in the first quarter of 2009.

In April 2008, the Commission revoked the certificate of both Dominion Retail and Spark Energy due to the marketers not acquiring any firm customers within a twelve-month period.

In April 2008, the Commission approved Stream-Georgia for a Certificate of Authority and Stream began serving customers in July 2008.

In July 2008, the Commission approved the transfer of Vectren Source's customers to Gas South. Vectren subsequently filed for Commission approval to withdraw its certificate. The Commission should consider this matter in 2009.

In October 2008, Catalyst Energy filed for bankruptcy and the Commission approved the transfer of its customers to MXenergy. Catalyst filed a petition to withdraw its certificate in January 2009. The Commission will rule on the petition in early 2009.

In November 2008, Constellation NewEnergy filed a notice to withdraw its certificate. The Commission granted this request in early January 2009.

### **Regulated Provider**

On June 28, 2007, the Commission approved SCANA Energy as the Regulated Provider of natural gas under Docket No. 24560 for the period September 1, 2007 through August 30, 2009. As of December 29, 2008, the Regulated Provider had a total of 94,343 customers, with 25,000 designated as Group 1 and 69,343 as Group 2.

The Department of Human Resources (DHR) uses the same guidelines to qualify Group 1 customers as those established for the Federal Low-Income Housing Energy Assistance Program (LIHEAP). Group 2 customers are customers who have not been able to obtain service from other marketers due to poor credit or no credit. Since September 2002 and through December 2008, the Commission has approved over \$12.1 million in disbursements to SCANA Energy to offset bad debts related to Group 1

customers. During 2008, the Commission approved over \$1.8 million for Group 1 customer assistance. No such funds are available for Group 2 customers. The program for the 2007 - 2009 time periods includes several options for customers who pay bills in a timely manner, including discounted rates and the opportunity to switch to SCANA's deregulated rates.

In December of 2008, the first Annual Review Report was completed for the Regulated Provider. SCANA Energy Regulated Provider established an email-based Customer Satisfaction Survey, transitioned 600 Group 1 customers to the senior discount, added additional information to brochures received by consumers, waived deposits for 20+ senior citizens for the current LIHEAP assistance season, did not receive any customer complaints leading to violations of any Commission Rules and remains financially viable.

As a result of the newly enacted Utility Rule Chapter 515-7-13 (General Rules and Selection of the Regulated Provider), an RFP (Request for Proposal) process was created for the Regulated Provider of Natural Gas Service 2009-2011. On October 7, 2008, the Commission issued the RFP for the Regulated Provider for the period of September 1, 2009 through August 30, 2011. As part of the RFP process, all interested marketers had to pre-qualify in order to serve as the Regulated Provider.

In December 2008, the Commission approved the pre-qualification of Gas South and SCANA Energy to submit bids for the 2009-2011 Regulated Provider. Bids for the next Regulated Provider are due in mid-January 2009. The Commission is scheduled to make a decision on this issue in early March 2009 for service to begin in September 2009.

### **Rulemakings**

**Docket Nos. 8044 and 15651: Marketer's Certificate of Authority.** On January 3, 2008, the Commission issued a fourth Notice of Proposed Rulemaking (NOPR) to revise certain sections of the current marketer rule. The initial NOPR was issued in November 2006. Comments were received in January 2008. The Commission adopted a final rule in February 2008.

**Docket No. 25432: Gas Companies' Certificates** (515-7-1-.02 Construction and Operation of Gas Pipeline or Distribution Systems; 515-7-1-.03 Applications for Certificates of Public Convenience and Necessity, and 515-7-1-.05 Verified Original and Five Conformed Copies of Application to be Filed) This NOPR was originally issued on July 9, 2007. During 2007, the Commission heard oral arguments, hosted a technical workshop, and issued second NOPR in early December 2007. On January 16, 2008, the Commission issued a third NOPR, and a final NOPR was issued on March 31,

2008. On May 21, 2008, the Commission approved the adoption of the rule amendment.

**Docket No. 26551: General Rules and Selection of the Regulated Provider.** In late 2007, the Commission issued a Notice of Inquiry (NOI) regarding rules for the Regulated Provider. A NOPR was issued in March 2008. The Staff held workshops in May and early August 2008. In July 2008, a second NOPR was issued. In late August 2008, the Commission adopted a final rule regarding the Regulated Provider.

### **Bankruptcy Filings Monitored By the Commission**

On October 3, 2008, Catalyst Natural Gas filed for bankruptcy protection. Catalyst had approximately 30,000 firm customers. On October 6, 2008, Catalyst and MXenergy filed an Emergency Request for Expedited Approval of Transfer of Customers. On October 7, 2008, the Commission held an emergency hearing on the request and on the same day issued an order conditionally approving the transfer of Catalyst's customers to MXenergy. The Commission's order required, among other things, approval of the bankruptcy court and a requirement that all pre-paid customers were to be given refunds for all outstanding balances. The effective date of the transfer was October 10, 2008.

The Commission Staff continually monitors the financial viability of all of the certificated marketers through monthly and quarterly reporting requirements and data requests.

### **Audits**

**Docket No. 4167: Atlanta Gas Light Company's Manufactured Gas Plant (MGP)** In March 1992, Atlanta Gas Light Company filed an Environmental Response Cost Recovery Rider setting forth a proposed mechanism for recovering costs associated with the cleanup of MGP sites. On August 20, 1992, the Commission conducted a hearing at which several parties presented a settlement agreement to the Commission. On September 1, 1992, the Commission entered an Order adopting the settlement, subject to certain modifications. The Staff conducts quarterly audits of capital expenditures related to the MGP cleanup activities at fifteen MGP sites, three of which are in Florida, where AGLC used to manufacture natural gas from coal. The production process created by-products that contaminated the soil and ground water. The ratepayers of Georgia are assessed a surcharge to assist with this cleanup and the Commission Staff audits the expenditures for accuracy and financial prudence. The program audit cycle runs from July 1 of one year to June 30 of the next, and during the recent audit cycle ending June 30, 2008, the Commission Staff audited over \$4.8 million of expenditures related to this program.



**Docket No. 16193: Order On Audit Report Concerning Atlanta Gas Light Company's Universal Service Fund:** In September 2008, the Commission approved Staff's Recommendations to the Audit Report of Sequent Energy Management Transactions for Calendar Year 2005. Staff's Audit Report required AGLC and Sequent to provide data regarding its previous transactions, as well as requiring the parties develop an analysis of its historical gas position for the 2003-2006 period. Both sets of information will be used to assist Staff in future audits. On November 9, 2007, the Commission approved a stipulation between Commission Staff and AGLC that extended the term of Sequent's asset management agreement until March 31, 2012 and guaranteed a minimum amount to be deposited into the USF each year.

**Docket No. 8516: Atlanta Gas Light Company's Pipe Replacement Program (PRP)** The Commission issued a Rule Nisi against the Company on January 6, 1998, in Docket No. 8516 alleging that AGLC had committed numerous and continuing safety violations concerning the operation of the Company's pipeline system. The majority of the allegations related to the large number of known leaks on the Company's distribution system. Staff and the Company reached a stipulated agreement to facilitate solutions to the problems listed in the Rule Nisi. The stipulated agreement permitted the Company to recover, through a monthly rider, costs incurred to replace portions of its pipeline system that were corroded or leaking. After a hearing on July 8, 1998, the Commission approved an Order adopting the PRP stipulation on September 3, 1998. At that time 2,312 miles of bare steel and cast iron pipe had been identified for replacement within the 10 years from 1998 to 2008. This mileage was revised to 2,504 miles in 2003. As part of the AGLC rate case agreement in Docket No. 18638, the PRP was extended from a 10-year program to a 15-year program, ending in 2013. Since the ratepayers of Georgia are funding 100% of the program, the Commission Staff conducts quarterly audits of the capital expenditures of the program to ensure accuracy and financial prudence. The program audit cycle runs from July 1<sup>st</sup> to June 30<sup>th</sup>, and during the recent audit cycle ending June 30, 2008, the Commission Staff audited over \$65.1 million in expenditures related to the PRP.

**Docket No. 12509: Atmos Energy's Cast Iron and Bare Steel Retirement Program.** In 2008, the Staff performed an audit of Atmos' cast iron and bare steel retirement program. The period audited was October 1, 2006 through September 30, 2007 - Year 7 of the program. The Company filed its annual report for this period on February 8, 2008, which included a proposed rider amount of \$2.40 to be effective October 1, 2008 to all customers. During the audit period, Atmos incurred a total of \$1,951,914 of pipeline replacement costs for both the Cast Iron and Bare Steel projects and achieved savings of \$23,814 in Operation and Maintenance Expenses. During this period, the Company replaced 2.59 miles of pipe in the Gainesville service area and 4.94 miles of pipe in the Columbus service area.

In an April 12, 2001 Order, the Commission approved an accelerated pipe replacement program to replace 184 miles of cast iron pipe in Columbus over a 15-year period and 46 miles of bare steel pipe in Gainesville over a 20-year period. To date, the Company has replaced 97.70 miles of pipe in the Columbus area and 22.48 miles of pipe in the Gainesville area for a combined total of 120.18 miles. In a September 7, 2008 Order, the Commission adopted the following rates to be effective October 1, 2008: residential rider \$1.99; commercial rider three times the residential rate at \$5.96 and an industrial rider twenty-five times the residential rider amount at \$49.96.

**Docket No. 22874: Atmos Energy Corporation's 2006 - 2007 Gas Supply Plan-Purchased Gas Cost Adjustment Rider Audit.** During 2008, the Staff performed an on-site audit of Atmos Energy Corporation's purchased gas costs for the period of October 2005 through September 2007. The audit period covered the entirety of two of the Company's Gas Supply Plan dockets: Docket No. 20528 (2005 - 2006) and Docket No. 22874 (2006 - 2007). The costs for which the Company sought recovery during the two periods were \$66,319,257.72 and \$52,198,530.69, respectively, for a total of \$118,517,788.41. The Company's gas costs are comprised of commodity costs, interstate transportation costs, variable pipeline costs (such as withdrawal and injection fees) and storage and Liquefied Natural Gas (LNG) costs. Also included in the costs are results from the transactions under the Commission-approved hedging program and the credit for the ratepayers' share from the Company's Performance Based Ratemaking (PBR) program. Staff is currently drafting its Audit Report with an approximate completion date of the first quarter of 2009.

### **Universal Service Fund**

**Docket No. 15326: Amendment to Universal Service Fund Rules and Docket No. 11588: Universal Service Fund** The Georgia Legislature established the Universal Service Fund under O.C.G.A. § 46-4-166 in 1999 and authorized the Georgia Public Service Commission to create and administer the USF. In 2002 the General Assembly approved House Bill 1568, amending the 1999 law and revising the possible uses for USF funds. In September 2002, the Commission incorporated these changes under Docket No. 15326. Now, the statutory purposes of the USF are to:

- Ensure natural gas is available to marketers for sale;
- Enable AGLC to expand its facilities in the public interest;
- Assist low-income customers in times of emergency; and,
- Allow the Regulated Provider to recover bad debt of its Group 1 customers.

The USF is currently funded by the following statutory funding sources:

- 95% of Interruptible Revenues
- Demand Supply Requirements (DSR)

- Mismatch Incentive Charge (Mismatch)
- E-Gas Surcharge (Emergency Gas)
- Capacity Release
- Off-System Sales
- Supplier Refunds
- Cash-Out
- Marketer Customer Deposits Over Two Years Old

An additional funding source for the USF is asset management deposits made by Sequent Energy Management (SEM), an affiliate of Atlanta Gas Light Company. SEM provides asset management services by maximizing the excess interstate pipeline capacity and storage assets when they are not needed to serve the firm customers. SEM, in turn, receives a percentage of any profits realized through its asset management functions. As required by Commission order, Sequent will continue to act as asset manager until March 2011, and 60% of Sequent's net margins are to be shared with the USF. In addition, AGLC makes a guaranteed minimum annual contribution to the USF until the end of the contract term of March 31, 2011.

In fiscal year 2008, the Commission provided \$7.0 million in assistance from the USF to low-income income senior citizens receiving service on AGLC's natural gas system. During the same year, the Commission disbursed \$1.8 million to the Regulated Provider of natural gas to help low-income citizens in Group 1. In the table below, there is a presentation of total USF account activity for Fiscal Year 2008.

**USF Account Activity: Fiscal Year 2008**

<b>USF Escrow Account Beginning Balance: July 1, 2007</b>	<b>Annual Totals</b>
<b>Beginning USF Escrow Account Balance (Book Value):</b>	<b>\$25,869,112.51</b>
<b>401 - USF Statutory Funding</b>	
<b>401-1 - 95% Interruptible Base</b>	<b>\$5,382,798.51</b>
<b>401-2 - DSR</b>	<b>\$159,030.00</b>
<b>401-3 - Mismatch</b>	<b>\$517,286.31</b>
<b>401-4 - Curtailment Violation</b>	<b>(\$16,260.00)</b>
<b>401-5 - Cash Out Adjustment</b>	<b>\$150,366.42</b>
<b>401-6 - Supplier Refunds</b>	<b>\$39,551.79</b>
<b>401-7 - Unclaimed Customer Deposits</b>	<b>\$76,721.82</b>
<b>401-8 - DSR Inc. Adj.</b>	<b>\$0.00</b>
<b>401-9 - Miscellaneous Revenue - Statutory</b>	<b>(\$300.00)</b>
<b>Total Account 401 Statutory Funding:</b>	<b>\$6,309,194.85</b>

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<b>402 - Asset Management</b>	<b>\$14,321,946.00</b>
<b>403 - USF Interest Income</b>	<b>\$1,326,323.30</b>
<b>404 - Miscellaneous Revenue - Non Statutory</b>	<b>\$24.29</b>
<b>405 - USF Discount Income</b>	<b>\$0.00</b>
<b>Total Non-Statutory Funding:</b>	<b>\$15,648,293.59</b>

<b>Total USF Account 400 Funding:</b>	<b>\$21,957,488.44</b>
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<b>500 - Expenditures</b>	
<b>501 - USF Line-Extensions</b>	<b>\$1,361,888.00</b>
<b>502 - Bank Fees</b>	<b>\$50,698.78</b>
<b>503 - DHR/LIHEAP</b>	<b>\$7,062,565.50</b>
<b>504 - Commission Credits</b>	<b>\$0.00</b>
<b>505 - Regulated Provider</b>	<b>\$1,245,676.92</b>
<b>506 - Miscellaneous</b>	<b>\$95,339.12</b>
<b>Total USF Account 500 Expenditures:</b>	<b>\$9,816,168.32</b>

<b>Annual Fund Position:</b>	<b>\$12,141,320.12</b>
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<b>USF Escrow Account Ending Balance: June 30, 2008</b>	<b>\$38,010,432.63</b>
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### **Certificate of Public Convenience and Necessity**

At the end of 2006, the Commission issued an Order in Docket No. 22850 to the City of Monroe to extend its natural gas pipelines and distribution facilities into certain areas of Oconee County. In early 2007, the City of Monroe filed a Request for Reconsideration of the Commission's decision. In March 2007, the Commission denied the City's request, initiating the 90-day transition period for the transfer of certain City of Monroe customers to AGLC. In April 2007, the City filed an appeal at the Superior Court of Fulton County. On August 27, 2008, the Superior Court ruled in favor of the Commission Order, which restarted the 90-day timeline for the customer transition. However, on October 27, 2008, the Commission issued an Order staying the customer transition and penalty section of the Monroe order. The Commission stayed its Order in this case because the City of Monroe further appealed the Superior Court's decision to the Court of Appeals. This case has been docketed and should be heard by the court in 2009.

In previous years, the Commission Staff issued data requests to municipal gas providers located within Georgia to determine the extent of their natural gas systems, the structure of city government overseeing such facilities, and customer and rate

information. From this information, Staff determined which cities are serving customers outside of their home counties without a certificate of public convenience and necessity. Staff issued additional data requests to the municipalities and informed them of their requirement to file for the appropriate certification pursuant to Commission Rules. By the close of 2007, the Commission had granted three Certificates of Public Convenience and Necessity, the remaining resolved this year. Five of the seven municipal applications have been granted - the two remaining applications are at various stages in the certification process and will be considered in the first quarter of 2009.

Natural Gas Staff will be working in conjunction with the Pipeline Safety Staff on the Countywide Natural Gas Safety Plans (Commission Rule 515-9-7-.01). In the event that municipalities propose amending their certificated territory as a result of creating safety boundaries, Natural Gas Staff will be providing a separate review of the applications.

### **Atmos Energy Corporation's Gas Supply Plan**

The Commission issued an Order for Atmos Energy's 2008 to 2009 Gas Supply Plan in Docket No. 27168 on September 29, 2008. The plan approves the interstate, storage and peaking assets needed to meet the company's forecasted peak for its Gainesville and Columbus service areas where Atmos Energy serves approximately 66,000 customers. Significant issues in the 2007 to 2008 Gas Supply Plan included the methodology used to forecast peak day design, the appropriate capacity reserve margin and the associated turn back of capacity, as well as operational issues related to the Company's Liquefied Natural Gas facility. This gas supply plan is in effect until September 30, 2009, and the Company is required to file its 2009 to 2010 Plan by July 1, 2009.

### **Atmos Energy Corporation 2008 Rate Case**

On March 20, 2008 Atmos Energy filed its 2008 rate case in Docket No. 27163. The Commission held hearings from June 30 to July 2, 2008. The Public Interest Advocacy Staff filed testimony on July 29, 2008, with hearings beginning on August 12, 2008. Atmos filed Rebuttal Testimony on August 22, 2008, and the hearing was held on September 3, 2008 in Gainesville, Georgia. Briefs and Proposed Orders were due on September 10, 2008. The Commission issued its decision on September 19, 2008. Atmos filed for reconsideration and the Commission issued its Order on Reconsideration in November 2008.

Atmos' filing included a request for a rate increase in the amount of \$6.15 million for the twelve-month period ending March 31, 2009. Staff recommended that the Commission make additional adjustments to the Company's requested rate increase, and that the Commission approve a rate increase in the amount of \$2.495 million. The Commission

authorized the Company to increase rates for retail service so as to provide approximately \$3,350,755 in additional revenues, with said rates to be effective for service rendered on or after September 22, 2008. The revenue increase was to be distributed among the customer classes on an equal percentage increase based on the amount of revenues that were currently being paid by each customer class. The increase was reflected in the customer charge for the residential and commercial customer classes. The customer charge for the residential class increased from \$7.00 to \$10.50 and for the commercial class from \$12.00 to \$16.00. For all customer classes, the rate increase was reflected in the base charge volumetric component.

### **Marketer True-Up Procedures**

As a result of the October 2008 Catalyst Natural Gas bankruptcy, the Commission ordered the Staff, AGLC and all marketers to meet to discuss potential solutions to the marketer true-up process. The marketer true-up process balances the amount of gas brought into the distribution system with the amount of gas used by marketers' customers. AGLC is responsible for trueing-up any differences and allocating the costs (or credits) to the marketers. The current method has evolved over the years since deregulation began. At the time of Catalyst's bankruptcy, Catalyst owed over \$5 million to the system. In October 2008, AGLC and several marketers filed consensus recommendations regarding different solutions for the true-up process. In December 2008, the Commission held hearings on the proposed changes and issued an Order on Marketer True-up Process Modifications on December 16, 2008. The Commission is set to hear Oral Arguments on January 22, 2009 regarding the \$5 million that was owed by Catalyst.

### **AGLC's Home and Heartwarming Program**

As part of the Commission's June 17, 2005 Order on Reconsideration in AGLC's most recent rate case, the company received approval to implement a five year Home and Heart Warming Program with an annual budget of \$1 million. The Reconsideration Order also requires Commission review and approval of the program. For the 2007-2008 program year (ending April 30, 2008), 511 homes were weatherized and \$1,092,020 was spent. There was \$57,981 in remaining funds that carried over to the 2008-2009 program year.

For the 2008 to 2009 program year (May 1, 2008 through April 30, 2009), the Commission approved new allocation amounts for the program: Georgia Environmental Facilities Agency: \$650,000; RSM: \$150,000; SCI: \$100,000; and United Way: \$100,000. The Commission also authorized funding for administrative expenses of five (5%) percent of the total amount allocated to United Way. The administrative fee for GEFA, RSM, and SCI remained at five (5%) percent. As of November 2008, 274

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homes were weatherized and \$639,776 was spent. There is \$412,586 in remaining funds through April 2009.

## **Telecommunications**

The telecommunications industry is indispensable to the economy of the state. Georgia's Telecommunications and Competition Development Act of 1995 and the Federal Telecommunications Act of 1996 have had a great impact on the Commission's role in this vital industry. The primary goal of these statutes was to replace traditional regulated monopoly service with a competitive market. For some competitive segments of the industry the Commission does not set rates, but facilitates market development, certifies providers, arbitrates complaints among competitors and monitors the effectiveness of the competitive markets. Under the Competitive Emerging Communications Technologies Act of 2006, the PSC cannot impose any requirement or regulate the rates, terms or conditions for broadband service, wireless service or VoIP (Voice over Internet Protocol).

In 2008 the Commission approved 56 interconnection agreements, certificated 940 resellers, 216 alternative operator service providers, 444 competitive local exchange providers, 144 inter-exchange service providers and 822 payphone service providers. Of these, the number of active certificates in 2008 was 381 resellers, 89 alternative operator service providers, 262 competitive local exchange providers, 99 inter-exchange service providers and 454 payphone service providers.

### **Eligible Telecommunications Carriers (ETC)**

In 2008 the Commission approved three applications for ETC designation, including one wire line carrier, Cox Georgia Telcom, LLC, and two wireless carriers, Tracfone Wireless, Inc. and Southern Communications Services, Inc. Cox and Southern were approved for both federal high cost support and low income support (Lifeline/ Link-Up), while Tracfone was approved for low income support only. The Commission has approved a total of four competitive ETCs in Georgia which will provide greater consumer choice for those customers that qualify, especially in rural areas and, consistent with the Federal Communications Commission's goals, expand participation in the Lifeline and Link-Up programs.

### **Telecommunications Relay Service (TRS)**

Hamilton Telecommunications has been the Georgia TRS provider since April 2006. Headquartered in Nebraska, Hamilton currently provides relay service in 12 states. Georgia Relay operates a call center in Albany, Georgia seven days a week, twenty-four hours a day, employing over 50 communications assistants. In 2008, the Relay Center processed an average of over 46,000 relay calls per month.



Captioned telephone service (CapTel®) in Georgia was implemented in January 2008. An enhanced form of Relay service, CapTel® allows individuals with hearing loss to view word-for-word captions of their telephone conversations. Over 400 subscribers now use the system, averaging approximately 7,000 calls a month by year's end.

### **Telecommunications Equipment Distribution Program (TEDP)**

The Commission established the Georgia TEDP in March 2003 in accordance with the provisions of House Bill 1003. This program provides specialized telecommunications equipment to Georgians who, because of physical impairments (particularly hearing and speech), cannot otherwise communicate over the telephone. Receipt of free equipment under this program is subject to medical and financial eligibility requirements. To date, approximately 3,067 equipment items have been distributed to almost 2,000 hearing or speech-impaired applicants. The Commission contracts with the Georgia Council for the Hearing Impaired to be the distribution agency for the Georgia TEDP.

### **Audible Universal Information Access Service (AUIAS)**

In 2006 the passage of House Bill 660 created a state-wide AUIAS to provide blind and print disabled citizens of Georgia with telephonic access to print media publications. The PSC was made responsible for oversight of the service, including establishment, implementation and promotion. Following a competitive bidding process, the Commission selected the National Federation of the Blind to administer the service. Since June 2006, the AUIAS has provided continuous audible universal access to all Georgia telephone exchanges, 24 hours a day, 7 days a week and 52 weeks a year. The system is accessible by way of a toll-free or local number anywhere in the state and has the capacity to serve an unlimited number of subscribers. Currently there are over 1,300. The total number of Georgia citizens that could potentially benefit from this service exceeds 20,000, as demonstrated by the number of current subscribers to the Georgia Library for Accessible Services.

### **Hearing Aid Distribution Program**

In August 2007, the Commission approved a program to implement the provisions of House Bill 655 for the distribution of hearing aids to lower income Georgians. The Commission contracted with the Georgia Lions Lighthouse Foundation, a nonprofit organization that has provided hearing aids to low-income Georgians for over 30 years. The Foundation currently partners with two hearing aid manufacturers and maintains a network of over 75 audiologists throughout the state. Initiated in November 2007, to date the program has distributed 1,877 hearing aids to 993 applicants.

### **Universal Access Fund (UAF)**

On February 1, 2008, 14 Tier II Independent Local Exchange Carriers (ILEC) filed requests for disbursement (totaling \$11,244,624) for the 13th UAF year covering the period July 1, 2008 through June 30, 2009 under the *de minimus* process. After an audit was performed on all 14 ILEC applications by Henderson Ridge Consulting, Inc., the Commission adopted the following:

(1) The rate of return on rate base, for the 13th UAF Year will be 9.00% or the company-specific weighted cost of capital, whichever is less. Prospectively, the rate of return will be the lesser of 9% or the company-specific return on rate base, which will be computed using an 11.20% cost of equity, 7.00% allowance on customer deposits, and company-specific cost of debt.

(2) The disbursements approved for all applicants for the 13th UAF year totaled \$9,375,532, with the aggregate annual cap amount remaining at \$1,250,000. The contribution factor was set to cover the disbursement level. For the current UAF year, the Commission approved an increase in the contribution factor from 0.31% to 0.50% to be applied to gross Georgia revenues from end-users in order to keep the fund solvent.

The Commission also adopted the following for the 14<sup>th</sup> and 15<sup>th</sup> UAF years' disbursements:

- A cap on executive compensation of \$200,000.00, plus \$78.00 per access line;
- The cap on rate base rate of return will be limited to the lesser of 9% or the actual cost of capital; and
- No party shall petition the Commission for hearings related to the *de minimus* UAF process unless the overall fund size requested exceeds \$11,000,000. If such a hearing is required, interested parties may address any issues relating to the *de minimus* UAF process and the disbursements requested.

The Commission found that the *de minimus* process for UAF Years 16 and beyond shall be addressed by the Commission at a later date and that each applicant shall be given the opportunity to challenge the accuracy of individual disallowances included in the audit reports.

## **Consumer Affairs**

The Consumer Affairs Unit is the primary entry point for consumers wishing to make their interests and issues known to the Commission in the form of complaints, inquiries, or opinions, collectively referred to as “contacts.” Consumers file contacts in person or via telephone, fax, regular mail, email and Internet.

Consumer Affairs Staff regularly interact with representatives from the utility industries to resolve consumer complaints, discuss complaint trends and possible courses of action to address problematic trends, and ensure mutual understanding of respective business processes and policies.

Having direct involvement with both the general public and industry representatives gives the Consumer Affairs Unit a unique perspective that makes it a source of valuable information for other work groups within the Commission.

In addition to complaint resolution, the Consumer Affairs Unit is responsible for the enforcement of Commission rules and related state laws, consumer education, and community outreach.

### **Inbound Contacts**

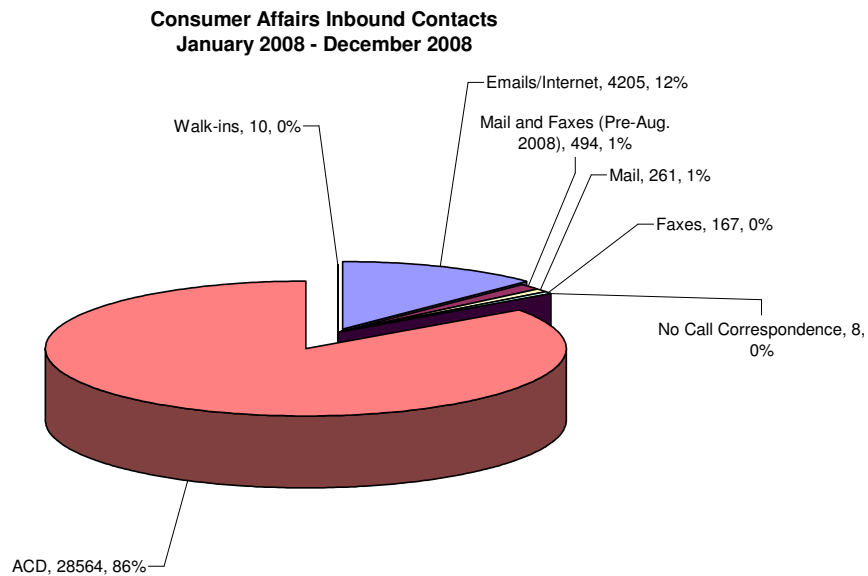
Consumers continue to prefer contacting the Commission by telephone over any other contact method. The actual number of calls reported by the Commission’s Automated Call Distributor’s (ACD) for 2008 is understated due to a software failure that occurred from November 6, 2008, through December 15, 2008. The Commission received an average of 2500 calls each month prior to the software failure. Using this average, 28,564 is a reasonable estimate of the total calls received in 2008. This represents a 2.5% increase in inbound phone calls over 2007. Telephone calls comprised 86% of all inbound contact methods in 2008, down from 89% in 2007.

Email gained ground as a favorite method of contacting the Commission in 2008, increasing to 12% of total inbound contacts, up from 10% in 2007.

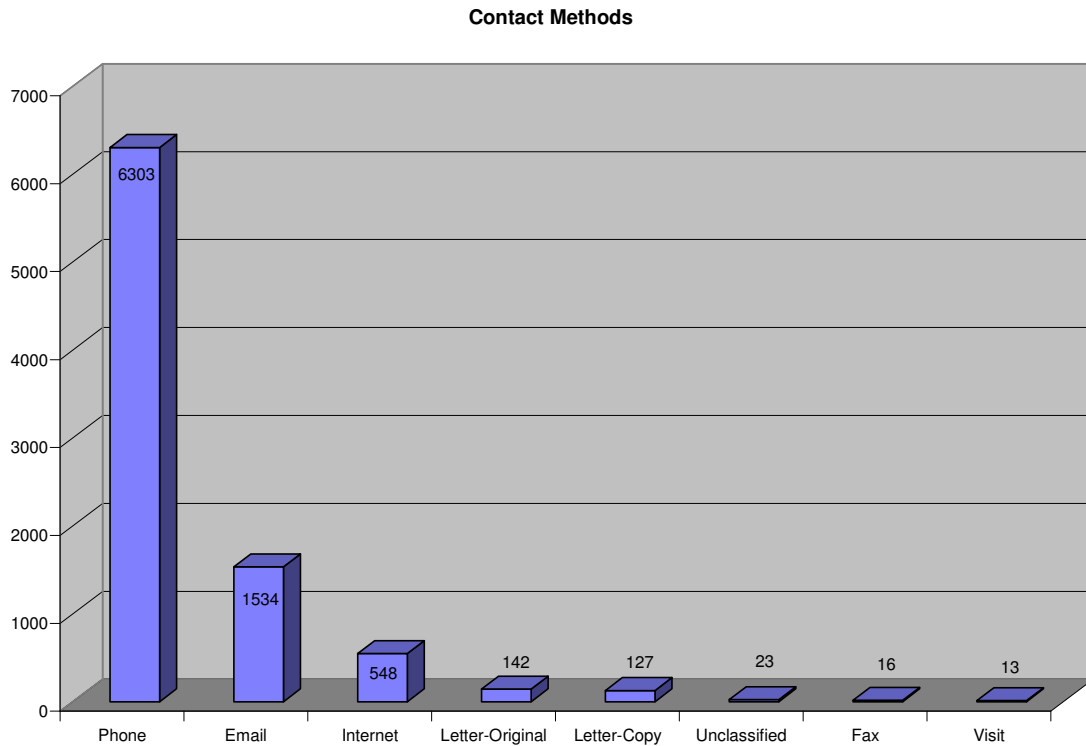
Regular mail and faxes are also still popular methods for communicating with the Commission. Paper correspondence (letters and faxes) comprised 2% of inbound contacts in 2008, compared to 1% in 2007.

In all, Consumer Affairs representatives received 31,209 inquiries, complaints, and opinions from the general public in 2008, a slight decrease of 1% from 2007’s 31,543.

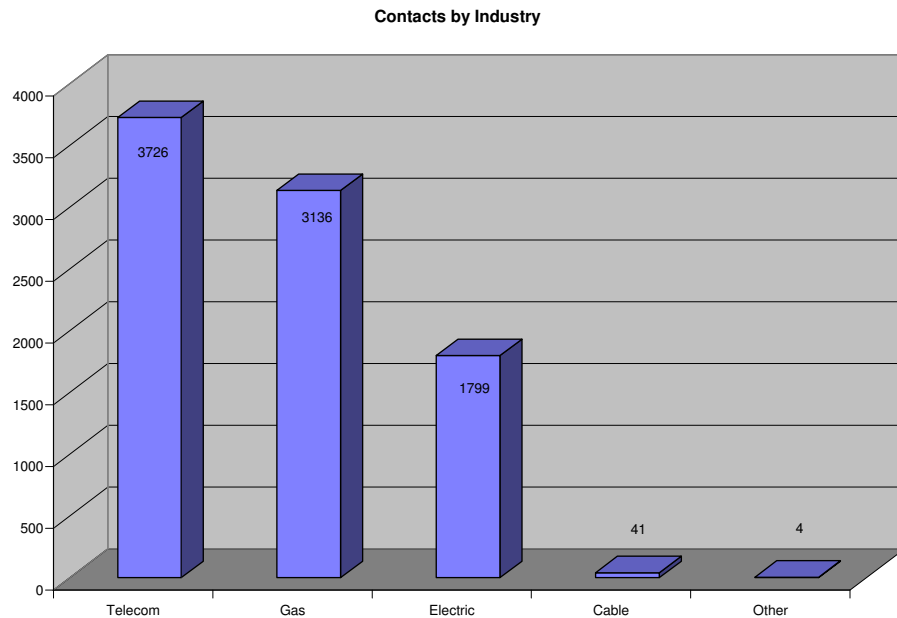
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Contacts requiring referral or follow-up are recorded in the Consumer Response System (CRS) database. Of the 31,209 inbound contacts handled, twenty-eight percent (28%), or 8,706, were entered into CRS. Seventy-two percent (72%), or 6,303, of the contacts requiring follow-up were initiated by phone in 2008, down from ninety-four (94%) in 2007. Twenty-four percent (24%), or 2,082, of CRS contacts were initiated electronically, by email or the Commission's online complaint form, up from 21% in 2007.



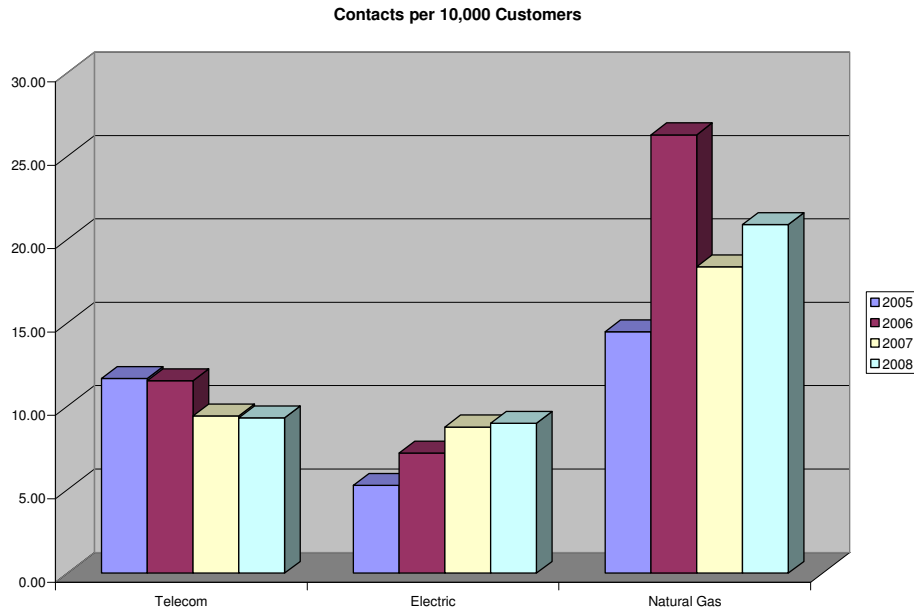
In 2008, telecommunications issues comprised the majority of the contacts requiring follow-up at forty-three percent (43%), followed by natural gas issues with thirty-six percent (36%), and electric with twenty-one percent (21%). Non-jurisdictional matters and opinions, captured in the categories labeled “Other,” “Unclassified” and “Cable,” comprised less than one and a half percent in 2008.



Telecommunications contacts decreased slightly from 3,770 in 2007 to 3,726 in 2008. Natural gas contacts increased from 2,757 in 2007 to 3,136 in 2008, a fourteen percent (14%) increase. Electric contacts have continued a steady increase since 2005, from 1,052 to 1,799 in 2008. Electric contacts increased by two percent (2%) in 2008 over 2007.

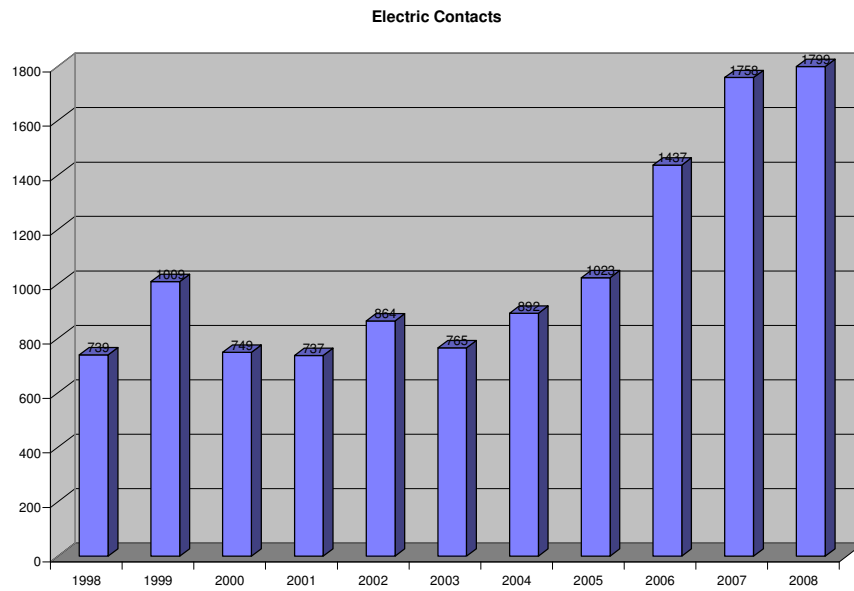
When viewed from a per capita perspective (contacts per 10,000 customers), natural gas contacts continue to outpace both electric and telecommunications contacts. On this relative basis, twice as many natural gas consumers contacted the Commission in 2008 (21 contacts per 10,000 customers) as electric or telecommunications customers (both at 9 customers per 10,000). The per capita calculation was based on an estimated 2 million electric customers, 1.5 million natural gas customers and 4 million telecommunications customers.

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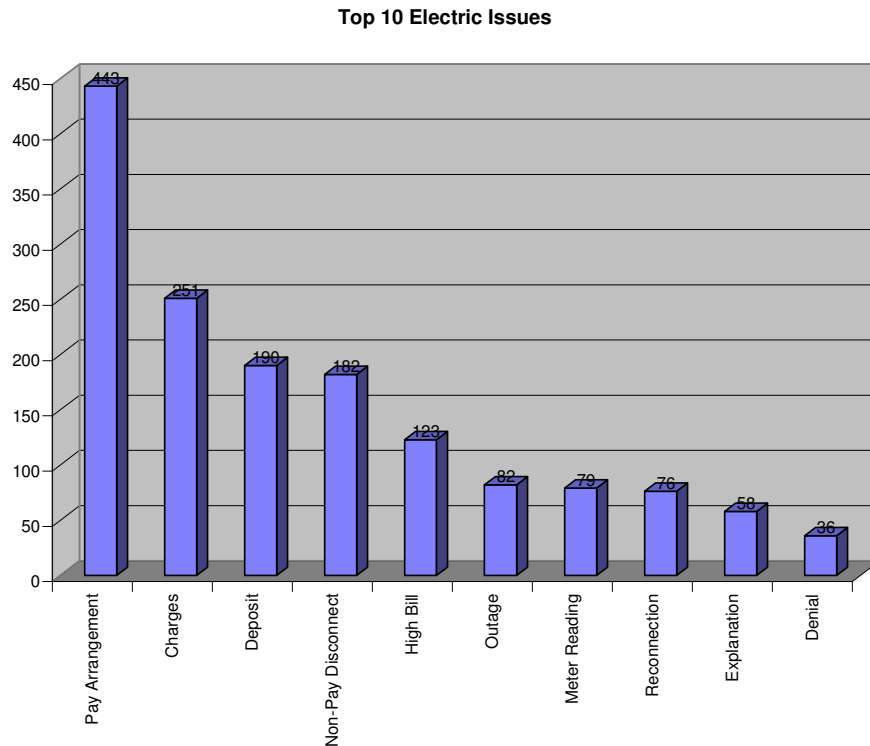


## Electric Consumer Issues

The total number of electric contacts continued its upward trend in 2008.



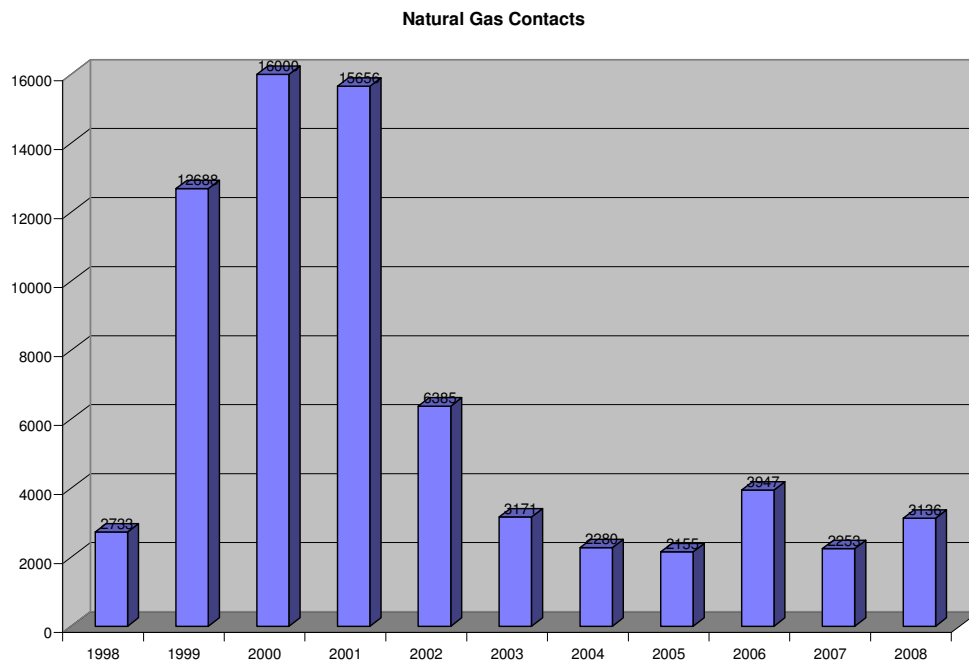
Payment Arrangements, Charges, and Deposits continue to be the top three concerns of electric customers. Issues regarding meter readings moved from tenth place to seventh, primarily due to Georgia Power's rollout of Advanced Metering Infrastructure (AMI) meters.





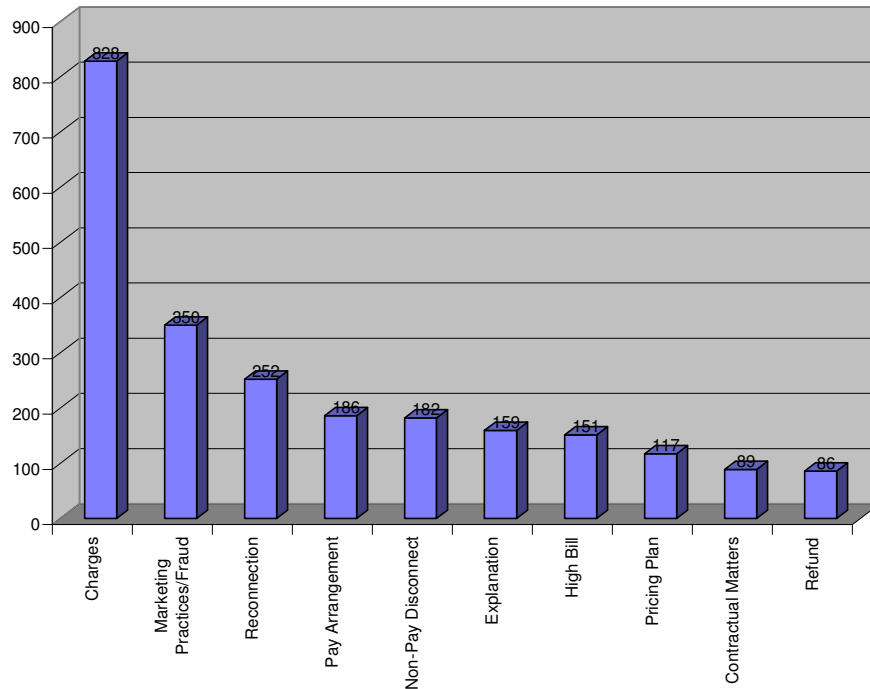
### Natural Gas Consumer Issues

Natural gas contacts trended upward from 2007's 2,257 contacts to 3,136 contacts in 2008, a thirty-nine percent (39%) increase.



Charges remained the number one natural gas issue. Marketing Practices/Fraud moved from tenth to second, primarily due to the number of complaints and inquiries filed against Georgia Natural Gas and SCANA Energy by their legacy variable rate customers. The enforcement case against these marketers resulted in a settlement agreement awarding \$3.75 million to affected customers. Also contributing to the increase in contacts alleging fraud or deceptive marketing practices were the contacts from customers of Stream Energy who complained about Ignite, Inc., Stream Energy's multi-level marketing affiliate.

**Natural Gas Top 10 Issues**

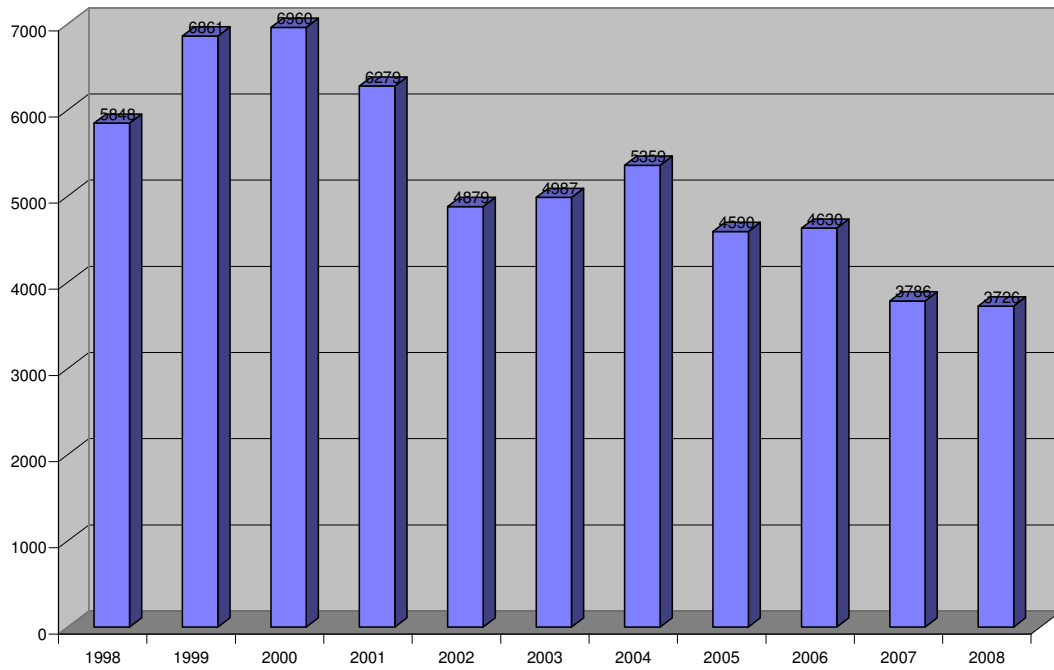


### **Telecommunications Consumer Issues**

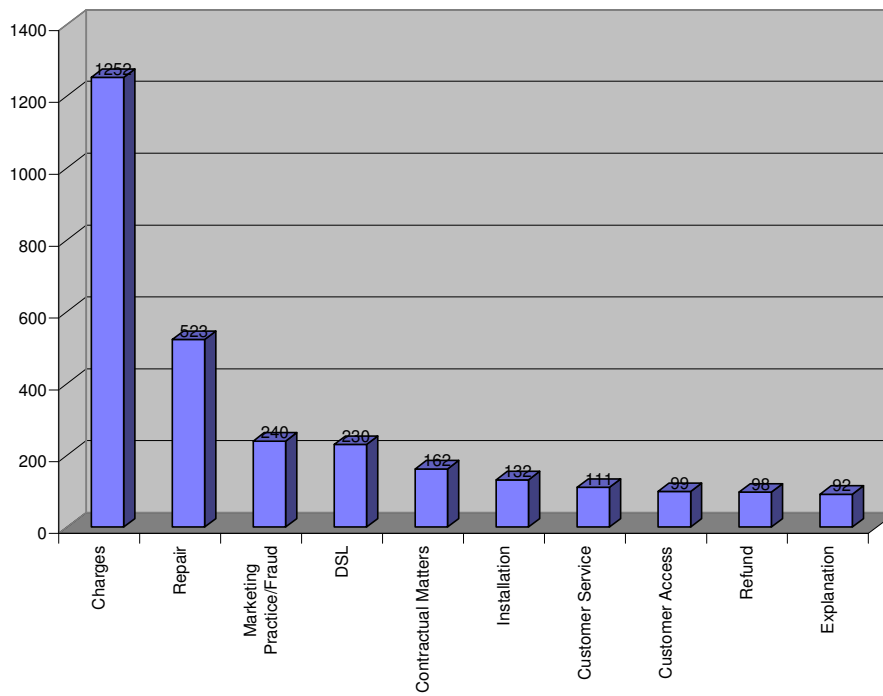
The overall trend of telecommunications contacts continued downward in 2008 to 3,726, the lowest level in 10 years. Charges, repairs and marketing practices continued to be the top three categories, accounting for over half of all complaints.

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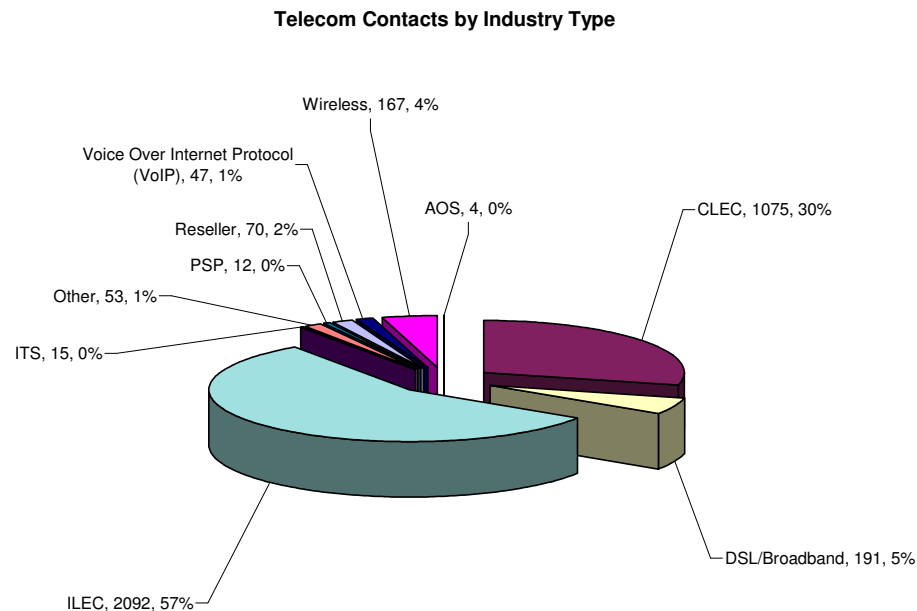
Telecom Contacts



Telecom Top 10 Issues



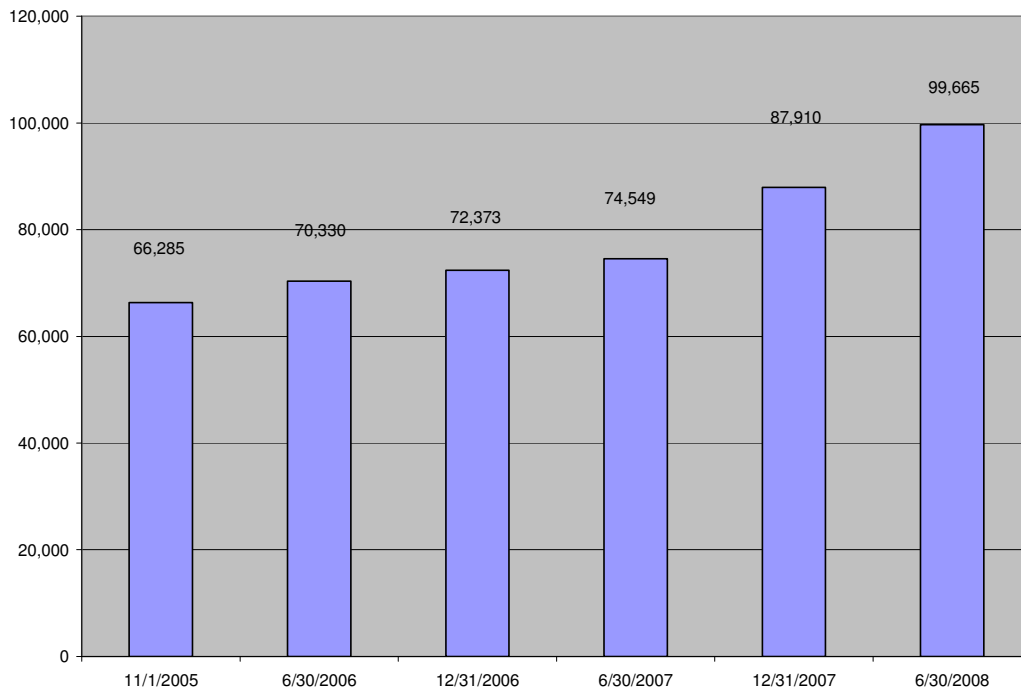
As in 2007, almost 9 out of every 10 telecommunications contacts related to local or long distance service. However, DSL/Broadband overtook Wireless as the number two category at five percent (5%) of total telecommunications contacts versus four percent (4%) for Wireless. Contacts regarding Voice Over Internet Protocol Service (VoIP), first seen in 2005, decreased by forty-two percent (42%) from 2007, with 47 contacts in 2008 versus 81 in 2007.



### Community Outreach

The Consumer Affairs Unit contributed to the Commission's community outreach activities by participating in 36 events attended by approximately 1,700 consumers. Staff also increased public awareness of the Lifeline/Link-up Program, a federally funded program that subsidizes the cost of telephone service for low-income consumers. As a result, the number of participants in Lifeline/Link-up through June 2008 increased by 50% over the number participating in 2005. Within the first six months of 2008, participation had increased by 13% over the total number for 2007. The Commission's outreach efforts resulted in a significant increase in the number of low-income consumers who enrolled in the Lifeline/Link-up program.

**Lifeline/Link-up Enrollment**



## **Facilities Protection**

### **Pipeline Safety Challenges and Responsibilities in 2008**

The Facilities Protection Unit of the Georgia Public Service Commission is comprised of the pipeline safety enforcement function, as well as the enforcement of damage prevention efforts for buried utilities. The pipeline safety function is carried out through an agreement with the Pipeline and Hazards Materials Safety Administration (PHMSA) of the U.S. Department of Transportation. The Pipeline Safety Group is responsible for enforcement of federal regulations regarding the safe installation and operation of natural gas pipelines. 2008 marked the 40<sup>th</sup> year of this relationship between PHMSA and the Georgia Public Service Commission. Meanwhile, the damage prevention efforts are a result of the responsibility assigned to the Commission in 2000 by the passage of the Georgia Utility Facility Protection Act. The goals of the Act are: 1) to prevent injury to Georgia citizens; and 2) to prevent damage to buried utilities. The law requires those seeking to perform mechanized excavation activities in the state to communicate with those who have buried facilities in the proposed area of excavation so that those facilities might be identified and thereby avoid damage.

During 2008 the Pipeline Safety Group monitored and inspected over 78,159 miles of distribution mains, service lines and transmission pipelines transporting natural gas to over two million Georgia customers. With eight qualified inspectors, that equates to each inspector being responsible for approximately 9,769 miles of natural gas pipeline along with 250,000 customers. Operator compliance with the Pipeline Safety Regulations was evaluated during 1,052 inspections, expending 1,660 inspection days. These inspections addressed operator qualification, integrity management, comprehensive, specialized and construction inspections, along with accident investigations and follow-up inspections that monitor operators for violations of the law.

### **Pipeline Safety Enforcement**

The Commission's Pipeline Safety Group continues implementing requirements of the Pipeline Inspection, Protection, Enforcement, and Safety Act (PIPES Act) of 2006. The PIPES Act was designed to improve safety and strengthen federal and state pipeline safety programs; therefore, implementing the new law was a priority for the Commission during 2008 and beyond. The Commission's Pipeline Safety Group is responsible for enforcing regulations contained in Parts 191, 192, 193, 199 and Part 40 of the Code of Federal Regulations, as well as applicable state regulations. The Commission also has the authority, if the need arises, to adopt additional regulations under the Pipeline Safety Act.

The Pipeline Safety Group's priorities continue to include requirements under Subpart N of Part 192.800, Operator Qualification (OQ) of Pipeline Personnel. Upon becoming a

law, it became Public Law 107-355 which can be found in its entirety at <http://www.gpoaccess.gov/plaws>.

During 2008 the Commission's Pipeline Safety Group advised every gas operator in Georgia of various probable violations stemming from a lack of written procedural information in the gas system operating manuals. Specifically, gas systems throughout the state have not adequately adopted procedures relating to operations and maintenance.

By the end of 2008, the Pipeline Safety Group, Subscribed Regulatory Compliance Service (SRCS), Georgia Municipal Association Gas Section (GMA Gas Section) and the American Public Gas Association's Security and Integrity Foundation (SIF) compiled the various Operator Qualification tasks to create a model of written procedures which were made available to all cities' operating municipal gas systems. The GMA Gas Section provided the written procedures model to each city gas system. Each city has evaluated the written procedures and adopted them for the city's use. Continuing through 2009, Staff plans to work with any city requesting assistance and to provide training seminars where necessary across the state.

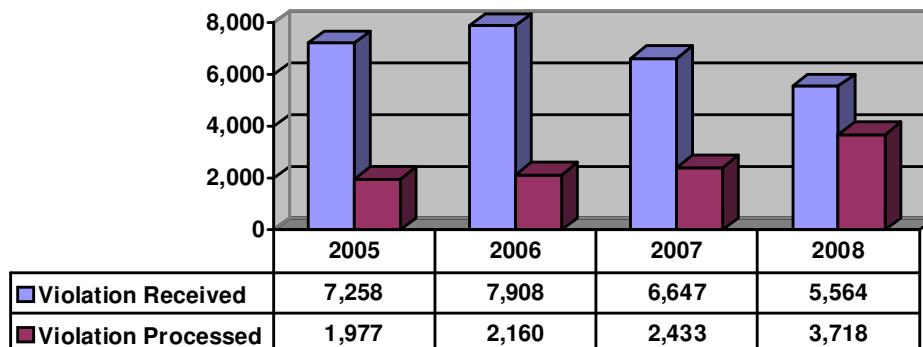
#### Total Inspections for 2008

Inspection Type	Total Inspections	Total Inspection Days	Units Inspected
LNG Systems	10	10	10
GUFPA	5	9	11
Drug & Alcohol	37	38	62
Special Projects	112	223	73
Construction	62	61	163
Comprehensive	79	283	149
Specialized	393	512	563
Operator Qualification	43	43	46
Propane	29	25	36
Accident	19	42	62
Training	91	215	53
Transmission IMP	5	5	22
Follow Up	177	194	230
<b>Total</b>	<b>1,052</b>	<b>1,660</b>	<b>1,480</b>

### Georgia Utility Facility Protection Act (GUFPA) Enforcement

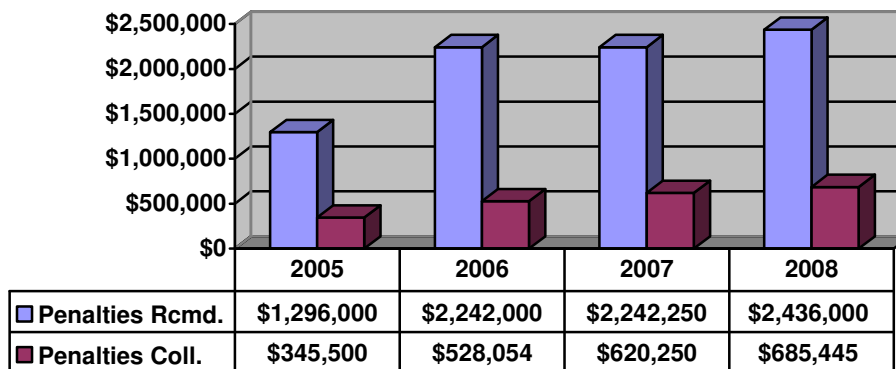
The damage prevention efforts of the Commission are a result of its responsibility for enforcement of the Georgia Utility Facility Protection Act (O.C.G.A. § 25-9). Education continued in 2008 to be an effective enforcement tool in addressing violations of the GUFPA with 2,598 people attending 327 training sessions in lieu of paying all or a portion of assessed civil penalties. Even with the numbers attending training in 2008, penalties collected and sent to the General Fund continued to grow, reaching \$685,445.40 from a total of \$2,436,000 assessed by the Commission. This increase in overall penalty collection in 2008 is attributed to increased staff action in addressing reported violations, as well as an increase in the minimum recommended penalties for those violations. The collection efforts of Stokes, Lazarus & Carmichael in collecting bad debts decreased somewhat in 2008, with \$63,203.04 in penalties being collected. Since contracting with Stokes, Lazarus & Carmichael for collection of bad debts, the firm has recovered \$201,268.58 in penalties, with \$133,466.69 being returned to the Commission for transfer to the General Fund.

In 2008, GUFPA staff addressed different groups around the state including locators, excavators and facility owner/operators in 28 separate public presentations representing some 1,590 attendees on different facets of the GUFPA. The willingness of GUFPA staff to participate in those presentations has strengthened the Commission's relationship with different groups across the state dedicated to damage prevention, such as the Georgia Utility Contractor's Association, Plumbing Mechanical Association, Georgia Onsite Wastewater Association and the Georgia Utility Coordinating Council.





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2008 witnessed a 16% reduction in reported violations of the GUFPA, a trend that hopefully will continue in the future. Reported damages trended down as a result of the drastic decline in the residential building sector of the economy, as well as the reduction in commercial building and the increased enforcement capabilities of GUFPA staff. In 2008, the GUFPA staff completed 3,718 investigations, which is a 64.4% increase over 2007's performance. These numbers were accomplished by increased efforts of GUFPA staff and the addition of one person in June 2008, by way of a grant from PHMSA. Georgia was the first state in the nation to be awarded the State Damage Prevention Grant by PHMSA. This, combined with the reduction in overall reported cases, resulted in 66.8% of all reported cases being processed in 2008, compared with only 36.6% of reported cases being processed in 2007.

The implementation efforts for the large project process continued in 2008 with the introduction of a new ticket management system, EDEN, developed by the Utilities Protection Center (UPC). The old ticket management system, IRTM, did not have the capabilities to handle large project tickets. In November 2008, GUFPA staff proposed rules for Commission consideration that would make the large project ticket process more user friendly. Comments were received and incorporated into the NOPR, which was reissued for comment in December 2008.

In 2008, it came to the GUFPA staff's attention that several of the PRIS codes (positive response information system) had no validity under the requirements of the GUFPA. The UPC was notified of these violations and the matter was referred to the Georgia Utility Coordinating Council (GUCC) committee for evaluation. The GUCC was included in the evaluation process since this was the group that had originally written the PRIS codes. GUFPA staff participated with the committee in the complete evaluation of all PRIS codes, which included the rewriting of many of those codes to bring them into conformity with the GUFPA. The new codes will be effective on January 1, 2009.

PSC personnel continued its participation in the International Locate Rodeo held this year on the campus of Emory University. The rodeo celebrated its sixth anniversary in 2008 and PSC personnel have volunteered their time in five of those years to work at the rodeo as judges, timekeepers and shuttle drivers, giving the Commission further presence in the damage prevention arena. Many people volunteer their time each year in order to make this event successful. The organizers are very appreciative of the interest and participation shown by Commission personnel.

Facilities Protection personnel continued outreach to the Hispanic excavating community in 2008. However, the deterioration of the economy made it difficult to fund sponsorship of the Latino Construction Workers Day annual event that was such a success in 2007. Staff did carry on with its outreach program to the Hispanic community by keeping lines of communication active and participating in the Safety Committee of Latino Construction Workers meetings during the year.

In addition, GUFPA staff worked with the Hispanic liaison at the Utilities Protection Center to have both the damage prevention program material and the GUFPA law itself translated into Spanish for dissemination to the Hispanic workforce. Staff also worked with the UPC in obtaining an additional 5,000 Construction Spanish Handbooks that had proven successful in the past. These handbooks are distributed throughout the state and used to address damage prevention during local meetings.

## **ADMINISTRATION DIVISION**

During 2008 the Commission continued to maintain the highest standards in performing those administrative functions that serve the public. By making the most prudent use of its resources, the Commission has been able to work within the constraints of its budget to hire and retain quality staff members committed to serving the public sector.

The Commission's Administration Division, headed by the Executive Director, is comprised of the Executive Secretary, Budget and Fiscal Office, Human Resource Office, Public Information/Legislative Liaison Office, Office of Operational Support and the Transportation Unit. An overview of the responsibilities and accomplishments of each of these is set forth below.

### **Budget and Fiscal Office**

The primary role of the Budget and Fiscal Office is to develop the agency's Annual Operating Budget and monitor expenditures to ensure the Commission's compliance with all of its fiscal responsibilities. This task is accomplished, in conjunction with the Executive Director, through interactions with the Governor's Office of Planning and Budget (OPB) and the Legislative Budget Offices, as well as other Commission staff. The Office manages the fiscal responsibilities of the Commission through recommendations and monitoring of requests for the agency's state and federal funding, purchasing, asset management and accurate financial reporting of results to Federal, State and other agencies as required or requested. In 2008, the Budget and Fiscal Office accurately monitored and effectively managed a budget with revenues and expenses exceeding \$10 million.

The Office reacted quickly and decisively when Governor Perdue instructed Agencies on August 1, 2008, to implement expenditure control measures in order to meet revised budget projections. Each budget item was analyzed and revaluated in order to submit Budgets for FY2009 and FY2010 that reflected 6%, 8%, and 10% reductions.

In order to achieve its mission, the Office used the OPB Financial Management System to prepare and submit the Commission budget, including all amendments and scheduled allotments of funds. The Commission's accounting functions (including Accounts Receivable, Accounts Payable and General Ledger) are managed and performed using QuickBooks. The Commission's Purchase Orders are managed using the Georgia Technology Authority-administered PeopleSoft System, as well as using PeopleSoft's Asset Management Module for items costing over \$1,000.

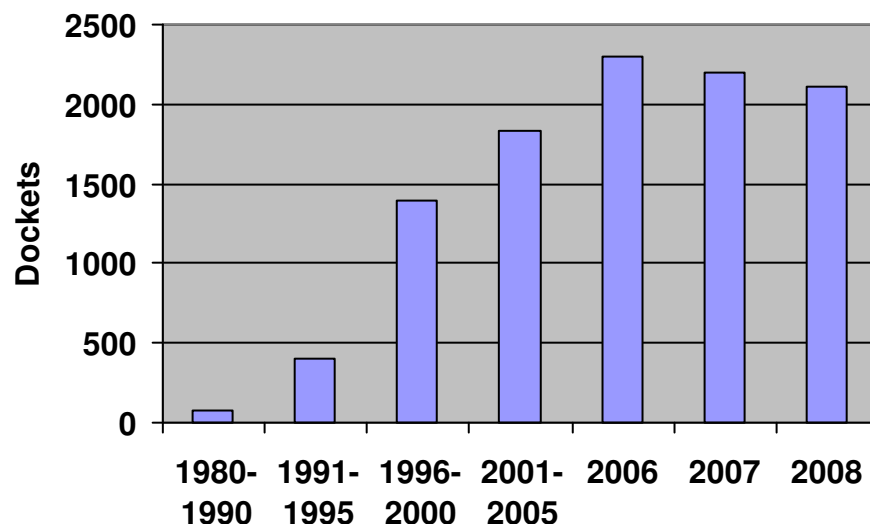
## Executive Secretary

The Executive Secretary's Office is responsible for receiving all public documents filed at the Commission. The Executive Secretary's responsibilities include scheduling Commission proceedings, assigning hearing officers, signing and certifying Official Orders, and preparing lists of interveners for docketed matters. In 2008, staff members in this Office opened 2,106 new case dockets, processed 8,297 filed documents and filed 2,620 orders. The Executive Secretary prepared 2,620 Orders for the Chairman's signature. The chart below shows that the number of dockets has grown tremendously over the past two decades.

During 2008, the Commission held 70 public hearings constituting a quorum of the Commission or a hearing officer assigned by the Commission. Matters docketed for public hearing are generally heard by the entire Commission in open session with a majority of the five-member Commission constituting a quorum.

Regular Commission Administrative Sessions are held on the first and third Tuesdays of each month. Committee meetings are held on the Thursdays prior to Administrative Sessions. The four standing Committees of the Commission are Energy, Telecommunications, Transportation and Administrative Affairs.

### PSC Docketed Workload



## **Human Resources Office**

The Human Resources Office (HR) strives to meet the personnel and payroll needs of the Public Service Commission. In 2008, the HR Office remained active in facilitating the self-sufficiency of PSC employees in several areas. All eligible employees entered benefit changes on-line during the Open Enrollment period for Plan Year 2009. Most health insurance, flexible benefits, Credit Union and Employees' Retirement System forms (along with instructions for completion and filing) are now available via the internet and are totally accessible to any employee. Team Georgia continues to be a valuable resource for the Commission staff. In addition to providing access to paycheck and other benefit information, Team Georgia is a source for a wide array of information specifically geared to State employees.

The Commission has experienced the retirements of several longtime staffers in recent years and can expect to see the number of retirees increase during the next five years. The HR Office led a successful recruitment effort to fill vacancies in several critical areas. The agency hired a number of highly qualified individuals to fill Utilities Analyst and Attorney positions. It is vital that retention of staff and succession planning remain priority goals for the Commission and the HR staff.

## **Public Information Office and Legislative Liaison**

The Public Information Office coordinates official Commission news releases and media relations, maintains the Commission's public information files and supervises the Commission's website content.

During 2008 the Commission received high visibility coverage in the local, state, and national news media coverage as a result of several high profile proceedings relating to nuclear certification hearings. The Office issued 38 news releases, 22 media advisories and seven consumer advisories; responded to over 150 national, state and local news media inquiries; conducted numerous news media interviews with local, state and national media; coordinated Commissioner interviews; and produced Commission publications for internal and external use.

The Public Information Officer serves as the Commission's Legislative Liaison and coordinates the Commission's legislative agenda. In this capacity, the Office responded to numerous Legislator inquiries relating to constituent concerns, tracked more than two dozen pieces of legislation that impact the agency and the utilities it regulates, provided daily legislative updates and coordinated the Commission response to legislative proposals.

A complete list of PSC monitored legislation, sponsors and status is provided below:

### **House Bills Relating to Regulated Industries**

**House Bill 22**, by Rep. Mike Keown. This bill prohibits the use of Automatic Direct Dialing Equipment to call telephone customers who have signed up for the Georgia Do Not Call List. Held in House Energy and Telecommunications Committee.

**House Bill 110**, by Rep. Jan Jones. Caps franchise utility fees at four per cent. Held in House Energy and Telecommunications Committee.

**House Bill 272**, by Rep. Jeff Lewis. Relating to exemptions from sales and use taxes, so as to provide for a phased-in exemption with respect to state sales and use tax for the sale of natural or artificial gas, electricity, or any other energy used directly or indirectly in the manufacture or processing of tangible personal property. **Passed and signed by the Governor.**

**House Bill 288**, by Rep. Tom Graves. Would require a utility to return a deposit after 24 months unless required earlier by law or rule. Held in House Energy, Utilities and Telecommunications Committee.

**House Bill 428**, by Rep. Jeff Lewis. Would require franchise fees to be included in the base rate of a utility. Held in House Energy, Utilities and Telecommunications Committee.

**House Bill 460**, by Rep. Carl Rogers. Increases fines for illegal household movers. Held in House Energy, Utilities and Telecommunications Committee.

**House Bill 522**, by Rep. Jay Roberts. Allows a gas marketer to opt out of a natural gas capacity supply plan. Held in House Energy, Utilities and Telecommunications Committee.

**House Bill 546**, by Rep. Debbie Buckner. Suspends issuance of permits for coal fired electric generating plant not regulated by the PSC. Held in House Energy, Utilities and Telecommunications Committee.

**House Bill 745**, by Rep. John Lunsford. Would allow money collected for the Telephone Relay System to be used for trauma care. Held in House Energy, Utilities and Telecommunications Committee.

**House Bill 746**, by Rep. John Lunsford. Would permit a certain portion of excess amounts in the universal service fund to be used for purposes related to gas delivery. Held in House Energy, Utilities and Telecommunications Committee.

Allows use of USF for pipeline safety. Held in House Energy, Utilities and Telecommunications Committee.

**House Bill 759**, by Rep. Timothy Bearden. Caps DDDC factor for poultry houses at 2.0. Held in House Energy and Telecommunications Committee.

**House Bill 1326**, by Rep. John Lunsford. Would allow the Commission to charge utilities for consultants for rate cases and other proceedings. The

Utilities could recover the cost in rate base. Held in House Appropriations Committee.

### **Senate Bills Relating to Regulated Industries**

**Senate Bill 105**, by Sen. David Shafer. Requires uniform charges to communications and cable companies for accessing utility poles. Held in Senate Regulated Industries and Utilities Commission.

**Senate Bill 120**, by Sen. Ross Tolleson. Exempts certain petroleum pipeline expansions and relocations from some restrictions on eminent domain. Passed Senate but held in House Judiciary Committee.

**Senate Bill 179**, by Sen. Cecil Staton. Would allow regulated utilities to contribute to all political campaigns but keeps ban on company contributions to PSC candidates. Decreases the penalty for violations to a misdemeanor. Held in Senate Ethics Committee.

**Senate Bill 180**, by Sen. Joseph Carter. Authorizes government agencies to enter into guaranteed energy cost savings contracts. Held in Senate Regulated Industries and Utilities Committee.

**Senate Bill 384**, by Sen. Don Balfour. Deregulates limousine rates. **Passed and signed by Governor.**

**Senate Bill 385**, by Sen. Don Balfour. Allows limousines to sell alcoholic beverages. **Passed and signed by Governor.**

**Senate Resolution 598**, by Sen. Regina Thomas. Creates the Joint Nuclear Plant Vogtle Environmental Justice Issues Study Committee. Held in Senate Regulated Industries and Utilities Committee.

### **Legislation Affecting Agency Operations and State Employees**

**House Bill 94**, by Rep. Glenn Richardson. Amends the State's Fiscal Year 2008 spending plan. **Passed and signed by the Governor.**

**House Bill 95**, by Rep. Glenn Richardson. Provides money for the State 2009 Fiscal Year beginning July 1, 2008. **Passed and signed by the Governor.**

**Senate Bill 212** by Sen. Don Balfour. Disclosure of state employees' social security numbers and date of birth is not required under the Open Records Law. **Passed and signed by the Governor.**

## Office of Operational Support

During 2008, the Georgia Public Service Operational Support Office achieved a number of accomplishments which enhanced the network infrastructure and improved efficiency while reducing consumption of energy resources.

The unit continued its implementation of virtual technology to increase network efficiency, reduce maintenance and hardware costs and to vastly improve energy efficiency within the data center. The agency continued its energy efficiency efforts by joining forces with the Environmental Protection Agency (<http://www.epa.gov>) and Energy Star (<http://www.energystar.gov>) to complete the Energy Star Challenge. The Operational Support Office is following strategies outlined by the Energy Star challenge that will enable our agency to consume less energy and save taxpayer dollars.

The Operations Support Office integrated damage reporting data reported from the Georgia Utility Facilities Protection Unit with the Georgia Utilities Protection Center (<http://www.gaupc.com>). This pilot project is one of the first to be completed in the United States. This data integration will enable GUFPA to increase public safety and educate probable violators to reduce risk due to Georgia dig law violations.

The Operational Support Office continued to develop enhancements to its Transportation Unit Application Database. Improvements and enhancements to this application have improved productivity and increased efficiency for internal staff as well as external stakeholders, such as Insurance Companies and entities the agency regulates.

The objectives of the Operational Support Office in 2008 include increasing energy efficiency, reducing agency administrative overhead, improving data sharing capabilities with external stakeholders and reducing budget expenditures during the fiscal year.

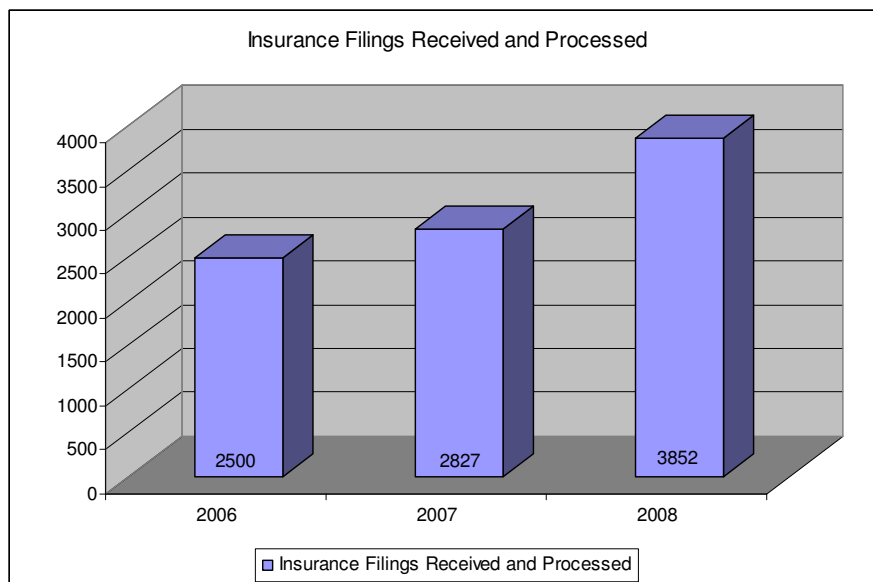
With limitations to the budget during much of the 2008 fiscal year, the Operational Support Office has continued to research and implement technology resources while maintaining and improving technology services to internal and external stakeholders and taxpayers.



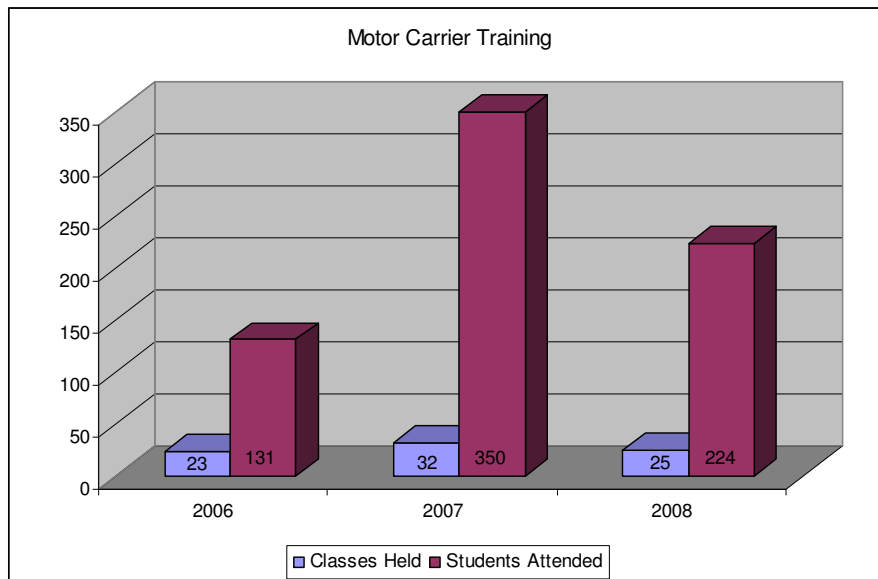
## Transportation Unit

The Commission has regulatory responsibility for over 1,000 “for hire” intrastate motor carriers. The PSC’s responsibility extends to household goods carriers, limousine operators, buses, and wrecker companies performing private property trespass towing operations. Duties include permitting and certification, training new carriers, auditing records, investigating consumer complaints, processing and maintaining insurance filings and taking action against illegal operators.

The aim of the PSC’s Transportation Unit is to deliver prompt courteous service to all consumers and stakeholders and to ensure that Georgia citizens receive value for the transportation assistance that the PSC provides. Public safety is a top priority and is of primary importance in all the industry sectors that the PSC regulates. To ensure that a high degree of safety is maintained, the PSC actively monitors and administers insurance filings for all transportation companies under its regulatory authority.

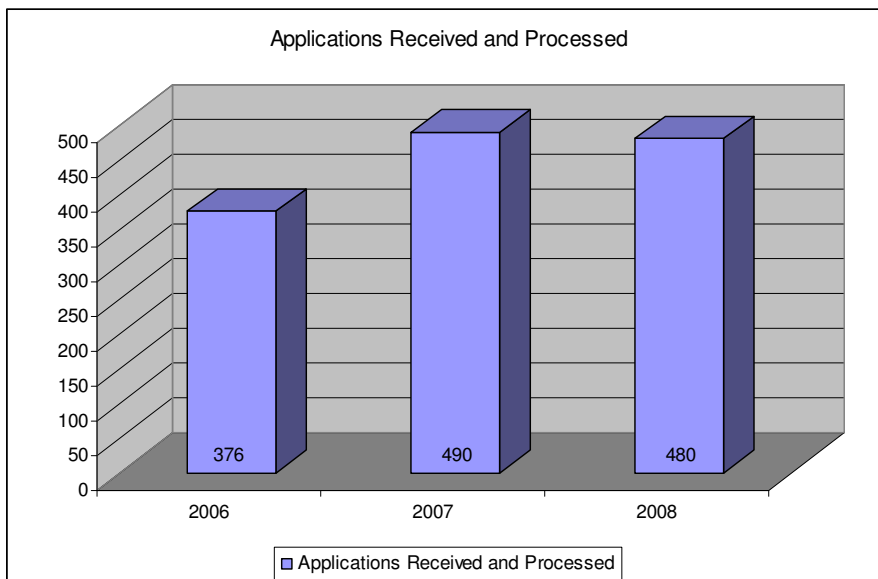


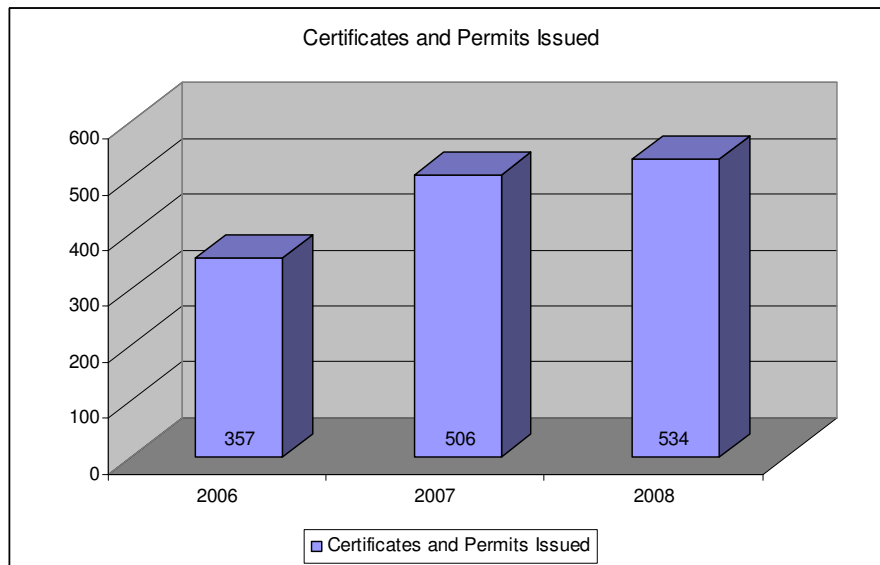
All new applicants for household goods and passenger carrier authority are required to complete a Commission-sponsored training session. Transportation staff also provides ongoing education and training to permitted and certificated carriers that already hold permanent operating authority. By requiring regulated companies to maintain adequate insurance coverage and by offering training opportunities, staff believes that both the transportation industry and Georgia consumers are better served and better protected.



### **Assurance that Carriers are properly Permitted and Certificated**

The Commission has statutory responsibility for issuing certificates and permits to qualifying “for hire” transportation companies that operate entirely within Georgia’s boundaries. Household goods certificates, limousine carrier certificates, passenger certificates, passenger permits and non-consensual towing permits are issued to businesses making application and meeting qualifications for license issuance. In 2008 the PSC received and processed 480 applications on all its regulated programs while issuing 534 certificates and permits.





### **Assurance of Reasonable Rates and Fair Tariffs**

The PSC's price setting authority over motor carriers is limited to household goods movers, some for-hire passenger carriers and wrecker companies conducting private property trespass towing operations. Commission personnel routinely conduct audits on regulated carriers to ensure that Georgia consumers are being assessed fair and reasonable prices. Staff maintains several maximum rate tariffs and regularly evaluates the need for price setting adjustments to assure that regulated businesses are operating in an environment that is both viable and healthy for the industry.

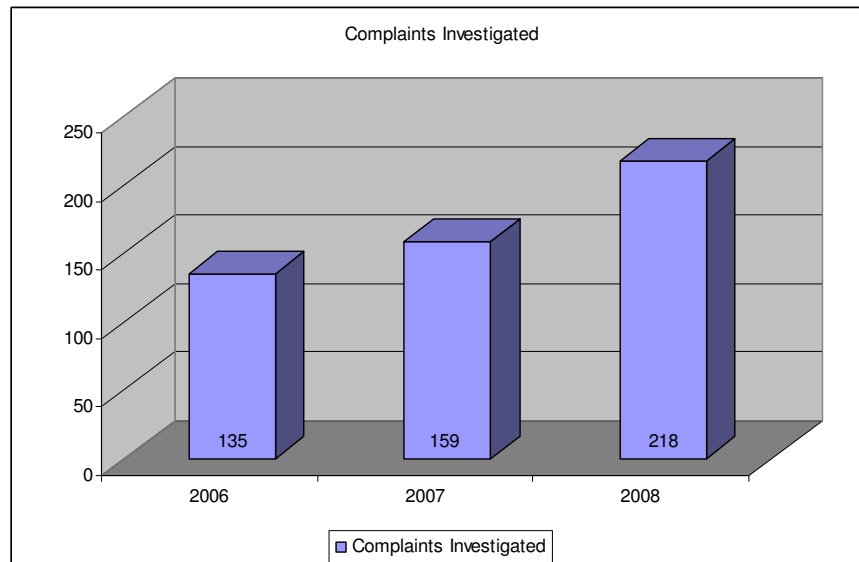
In 2008 the Commission saw the need for an adjustment to the household goods maximum rate tariff. Effective March 15, 2008, Georgia household goods movers were granted a 1.5% across the board rate increase in Docket No. 27037. This allowance was in consideration as an annual rate adjustment based on the Producer Price Index published by the United States Department of Labor's Bureau of Labor Statistics. The Commission unanimously approved the rate increase.

### **Assurance of the Public's Trust**

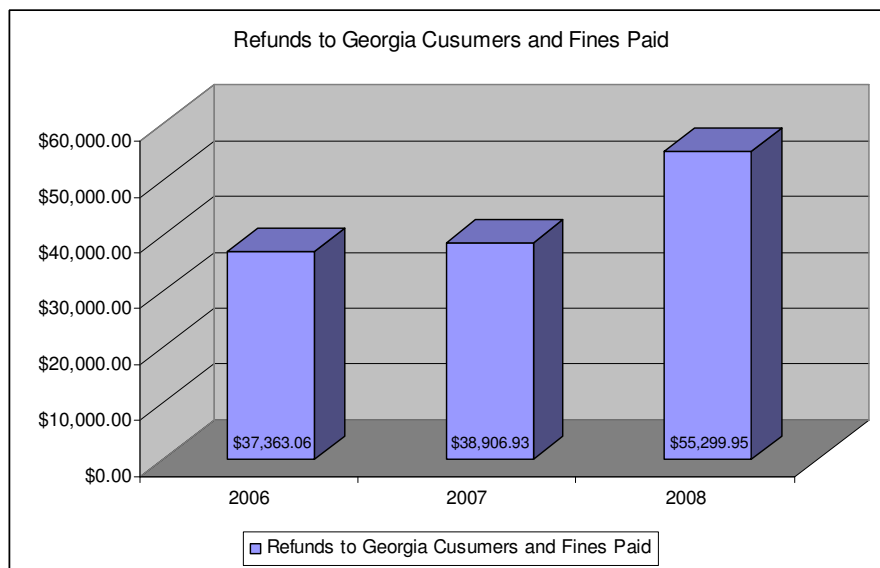
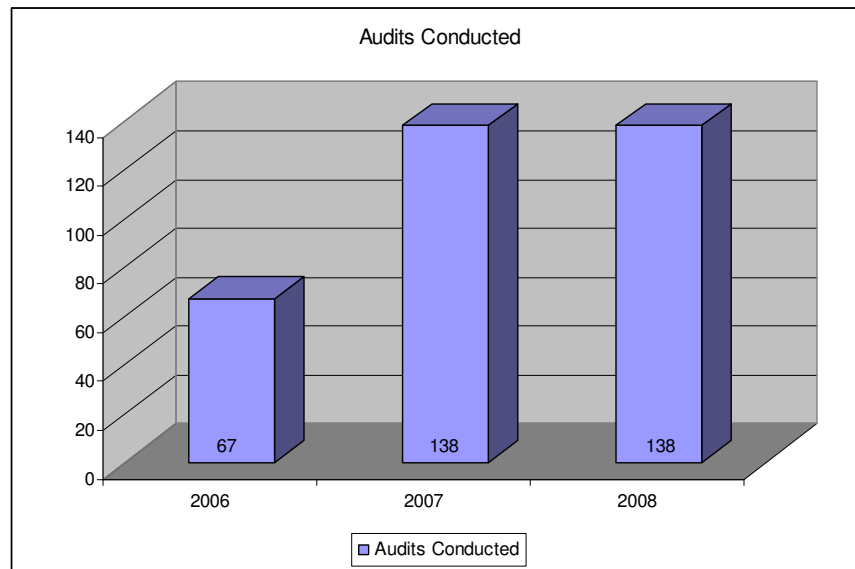
Two practices used by the Commission to evaluate the quality of service of the regulated transportation companies are audits and investigations. By systematically and routinely auditing transportation company records, carriers are held accountable for inappropriate or illegal actions and are far more likely to follow best business practices outlined in rule and law. By actively investigating consumer complaints, staff enhances the likelihood that carriers will deliver better customer service and will be more attentive to the public's needs. The PSC's Transportation Unit conducts both audits and

complaint investigations to the greatest extent possible with its limited staff and budget. Failure to follow the rules and regulations, or to provide adequate service, could result in the Commission taking adverse action against a carrier, such as assessing a civil penalty, suspending a carrier's authority or canceling a carrier's legal operating authority.

In 2008 the PSC received and investigated 218 complaints and conducted 138 audits. The majority of complaints filed with the Commission pertained to grievances against household goods carriers and problems or differences with private trespass tow operators. Typical issues routinely reported against movers involved: 1) complaints of being overcharged, 2) customer service or courtesy problems, 3) loss or damage of personal property, and 4) illegal carriers. Typical issues routinely reported against tow operators involved: 1) complaints of being overcharged, 2) customer service or courtesy problems, 3) timely notification of tow and impound, and 4) improper sign posting.



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### Project Watchdog

In an effort to address the problem of illegal household goods movers operating in Georgia, the PSC began Project Watchdog on July 8, 2008. The project successfully increased public awareness of the illegal moving problem. Additionally, it functioned as a springboard for staff to uncover, contact and confront carriers that operate without required authority.

### **Consumer Advisory on Illegal Movers**

On July 18, 2008, the Commission issued a warning to consumers advising them to be aware of illegal household goods carriers who schedule moves without proper Commission authority. The advisory was carried by all major media outlets in Georgia and it was accompanied by a mass mail out to targeted businesses and trade associations.

### **Radio Interview on GNN**

On September 8, 2008, the Georgia News Network interviewed Commission staff on household goods issues of interest to Georgia consumers. Commission staff discussed the role of the PSC in regulating the moving industry, how the Commission assists Georgia consumers and what to do if a consumer has a moving problem.

### **Commission Issues Largest Penalty Ever Against Illegal Carrier**

On December 2, 2008, the Commission considered and approved issuance of the largest fine ever imposed against an illegal Georgia based household goods carrier. Atlantic Relocation, Inc. was assessed a \$305,000.00 penalty for violations of Georgia Code and Commission Rules in Docket No. 28097. Staff had conducted an on-site audit and determined that the carrier had completed sixty-one (61) illegal intrastate moves. Additionally, staff had received numerous complaints against the carrier.

### **Legislative Change for Passenger Carriers**

The General Assembly changed the Commission's rate setting authority over the limousine carrier industry with the passage of Senate Bills 384 and 385. Senate Bill 384 amended Title 46 of the Georgia Code by limiting permitting fees that airports can charge limousine carriers. Airports may now consider issuance of a chauffeur's permit and a Commission approved certificate as adequate evidence that a sufficient criminal background investigation has been done. This will relieve limousine companies from having to pay airports additional fees for further background checks. Senate Bill 385 amended Georgia Code to provide for the licensing of limousine carriers to sell alcoholic beverages; to provide for annual applications and fees and to provide a sticker for each vehicle authorized. Although administered and regulated by the Department of Revenue (DOR), the Commission's Transportation Unit maintains a close and collaborative effort with DOR in order to best serve and protect the citizens of Georgia.

### **Commission Issues Penalty and Revokes Passenger Carrier Certificate**

On November 4, 2008, the Commission considered and approved issuance of a \$10,000 fine against Royal Bus Lines for violation of Commission Rules regarding

failure to maintain continuous insurance coverage. The carrier's permit and certificate were also revoked in Docket No. 24677. Staff's investigation determined that the carrier had not maintained continuous commercial liability and property damage insurance. It was also found that vehicles operated by the carrier had been involved in accidents during this period.

## AGENCY BUDGET

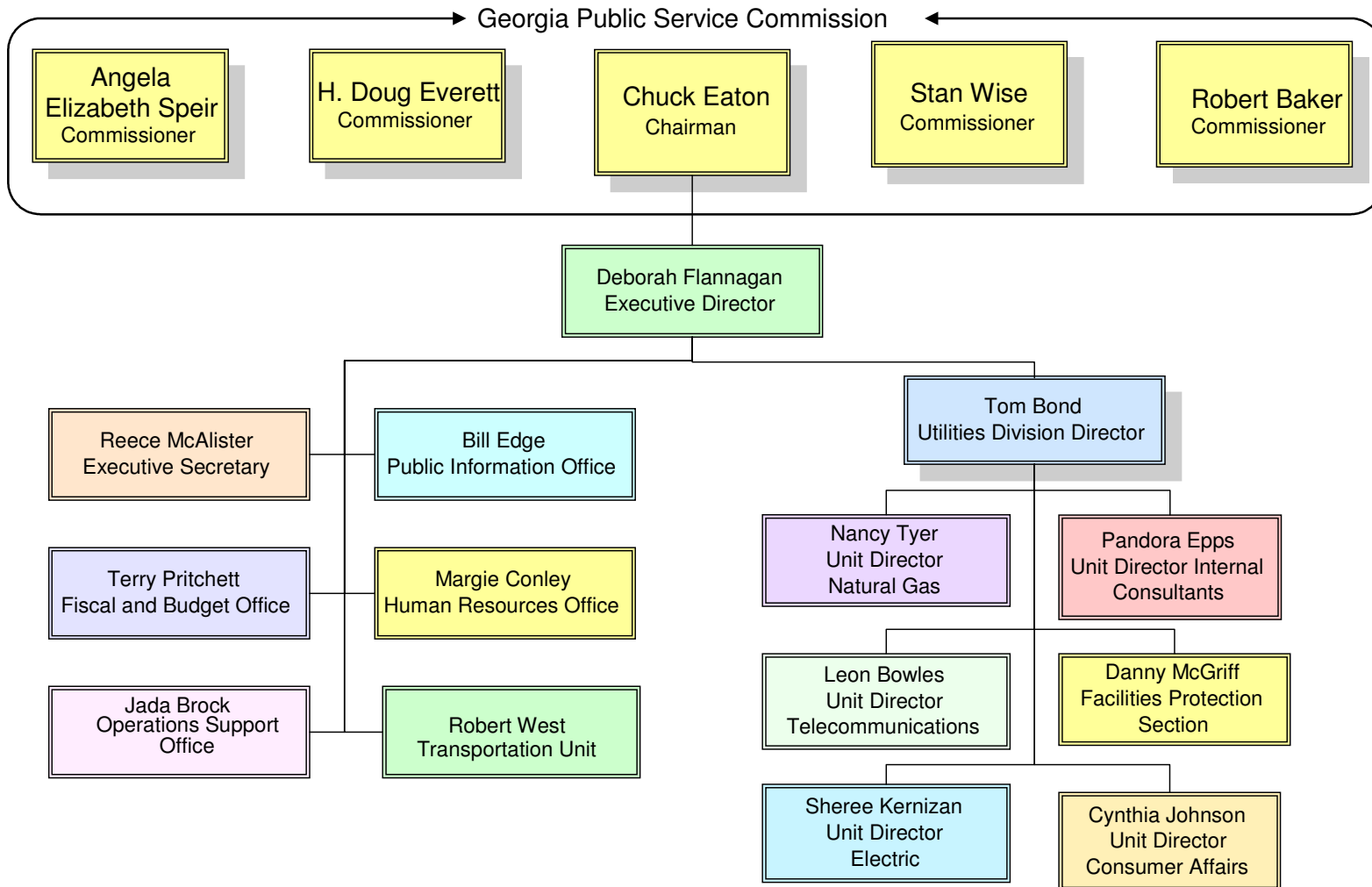
	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009 Budget Governor's Rec. (Jan. '09)
<b>Revenue</b>			
General Assembly Appropriations	\$9,043,821	\$9,963,297	\$9,060,890
Federal and Other Funds	\$673,493	\$729,073	\$670,000
<b>Total</b>	<b>\$9,717,314</b>	<b>\$10,692,370</b>	<b>\$9,730,890</b>
<b>Budgeted Expenditures</b>			
Personal Services	\$7,327,959	\$8,348,571	\$8,192,907
Regular Operating Expenses	\$370,158	\$384,235	\$269,628
Motor Vehicle Purchases	\$34,544	\$51,814	\$34,550
Equipment	\$143,901	\$205,265	\$58,609
Computer Charges	\$102,963	\$95,213	\$91,625
Real Estate Rental	\$656,528	\$671,370	\$671,370
Telecommunications	\$94,008	\$70,389	\$85,194
Contractual Services	\$987,253	\$865,573	\$327,007
<b>Total</b>	<b>\$9,717,314</b>	<b>\$10,692,370</b>	<b>\$9,730,890</b>
<b>Associated Revenue</b>			
Regulatory Assessment Fees Paid Directly to Department of Revenue	\$1,050,000	\$1,050,000	\$1,050,000
Regulatory Fees and Penalties Collected and Remitted to Treasury	\$2,066,291	\$1,051,726	\$2,510,007
<b>Total</b>	<b>\$3,116,291</b>	<b>\$2,101,726</b>	<b>\$3,560,007</b>

**Notes:**

Penalties and Fees collected in FY 2009 are through January 31, 2009



## ORGANIZATIONAL CHART



## Notes